

## Public Law 761

## CHAPTER 1206

September 1, 1954  
[H. R. 9366]

## AN ACT

To amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

Social Security  
Amendments of  
1954.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That this Act may be cited as the "Social Security Amendments of 1954".

## TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

### EXTENSION OF COVERAGE

#### DOMESTIC SERVICE, SERVICE NOT IN COURSE OF EMPLOYER'S BUSINESS, AND AGRICULTURAL LABOR

64 Stat. 493.  
42 USC 409.

SEC. 101. (a) (1) Paragraph (2) of section 209 (g) of the Social Security Act is amended to read as follows:

"(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);".

42 USC 410.

(2) Section 209 (g) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this paragraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in section 210 (f) (5);".

(3) Section 209 (h) of such Act is amended by inserting "(1)" after "(h)" and by adding at the end thereof the following new paragraph:

"(2) Cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than \$100;".

(4) Section 210 (a) (1) of such Act is amended to read as follows:

"(1) (A) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended;

46 Stat. 1550.  
12 USC 1141j(g).

"(B) Service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended, or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

65 Stat. 119.  
7 USC 1461-1468.

(5) Section 210 (a) of such Act is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained

in such Act, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(6) The second sentence of section 218 (c) (5) of such Act is amended by inserting before the period at the end thereof "and service the remuneration for which is excluded from wages by paragraph (2) of section 209 (h)".

42 USC 418.

Ante, p. 1052.

AMERICAN CITIZENS EMPLOYED BY AMERICAN EMPLOYERS ON FOREIGN-FLAG  
VESSELS

(b) The paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (4) is amended by striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

Supra.

CERTAIN FEDERAL EMPLOYEES

(c) (1) Subparagraph (B) of the paragraph of section 210 (a) of the Social Security Act herein redesignated as paragraph (6) is amended—

Supra.

(A) by inserting "by an individual" after "Service performed", and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;"

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

61 Stat. 727.

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;"

46 Stat. 468.  
5 USC 691 note.

42 USC 405.

(3) Section 205 (p) (3) of such Act is amended by adding at the end thereof the following new sentence: "The provisions of paragraphs (1) and (2) shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of paragraphs (1) and (2) the Secretary of the Treasury shall be deemed to be the head of such instrumentality."

#### MINISTERS AND CHRISTIAN SCIENCE PRACTITIONERS

42 USC 411.

(d) (1) Paragraph (2) of subsection (c) of section 211 of the Social Security Act is amended by inserting "and other than service described in paragraph (4) of this subsection" after "eighteen".

(2) Such subsection is further amended by adding at the end thereof the following new sentences: "The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under section 1402 (e) of the Internal Revenue Code of 1954 is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under section 1402 (e) of the Internal Revenue Code of 1954 is in effect."

*Post*, p. 1088.*Post*, p. 1055.*Post*, p. 1055.

(3) Section 211 (a) of the Social Security Act is amended—

(A) by striking out the period at the end of paragraph (6) (as renumbered by subsection (g) (1) of this section) and inserting in lieu thereof a semicolon, and

(B) by inserting after such paragraph (6) thereof a new paragraph as follows:

"(7) An individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 210 (e))

42 USC 410.

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States) of the Internal Revenue Code of 1954."

68 A Stat. 289,  
291.

#### FISHING AND RELATED SERVICE

42 USC 410.

(e) Section 210 (a) of the Social Security Act is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such Act, as paragraphs (14) and (15), respectively.

#### HOMEWORKERS

42 USC 410.

(f) Subparagraph (C) of section 210 (k) (3) of the Social Security Act is amended by striking out "if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

## FARMERS AND PROFESSIONAL SELF-EMPLOYED

(g) (1) Subsection (a) of section 211 of the Social Security Act is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), and (7), and any references thereto contained in such Act, as paragraphs (2), (3), (4), (5), and (6), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f), (i) if the gross income derived from such trade or business by such individual is not more than \$1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 per centum of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than \$1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than \$900, such net earnings may instead, at the option of such individual, be deemed to be \$900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

42 USC 411.

42 USC 410.

(2) Paragraph (1) of such section 211 (a) is amended to read as follows:

"(1) There shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares), together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;"

(3) The paragraph of such section 211 (a) herein redesignated as paragraph (3) is amended by striking out "cutting or disposal of timber" and inserting in lieu thereof "cutting of timber, or the disposal of timber or coal,"

*Post*, p. 1061.

(4) Section 211 (c) (5) of such Act is amended to read as follows:

"(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

## EMPLOYEES COVERED BY STATE OR LOCAL RETIREMENT SYSTEMS

(h) (1) (A) Section 218 (d) of such Act is amended by striking out "Exclusion of" in the heading, by inserting "(1)" after "(d)", and by adding at the end thereof the following sentence: "The preceding sentence shall not be applicable to any service performed by an employee as a member of any coverage group in a position (other than a position excluded by paragraph (5) (A)) covered by a retirement system on the date an agreement is made applicable to such coverage group if, on such date (or, if later, the date on which such individual first occupies such position), such individual is ineligible to be a member of such system."

42 USC 418.

*Post*, p. 1057.

(B) Such section 218 (d) is amended by striking out "on the date such agreement is made applicable to such coverage group" and insert-



ing in lieu thereof "either (A) on the date such agreement is made applicable to such coverage group, or (B) on the date of enactment of the succeeding paragraph of this subsection (except in the case of positions which are, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of enactment of such succeeding paragraph, no longer covered by a retirement system on the date referred to in clause (A)), and except in the case of positions excluded by paragraph (5) (A))."

Post, p. 1057.  
42 USC 418.

(2) Such section 218 (d) is further amended by adding at the end thereof the following new paragraphs:

"(2) It is hereby declared to be the policy of the Congress in enacting the succeeding paragraphs of this subsection that the protection afforded employees in positions covered by a retirement system on the date an agreement under this section is made applicable to service performed in such positions, or receiving periodic benefits under such retirement system at such time, will not be impaired as a result of making the agreement so applicable or as a result of legislative enactment in anticipation thereof.

Applicability of  
agreement with  
State.

"(3) Notwithstanding paragraph (1), an agreement with a State may be made applicable (either in the original agreement or by any modification thereof) to service performed by employees in positions covered by a retirement system (including positions specified in paragraph (4) but not including positions excluded by or pursuant to paragraph (5)), if the governor of the State certifies to the Secretary of Health, Education, and Welfare that the following conditions have been met:

"(A) A referendum by secret written ballot was held on the question of whether service in positions covered by such retirement system should be excluded from or included under an agreement under this section;

"(B) An opportunity to vote in such referendum was given (and was limited) to eligible employees;

"(C) Not less than ninety days' notice of such referendum was given to all such employees;

"(D) Such referendum was conducted under the supervision of the governor or an agency or individual designated by him; and

"(E) A majority of the eligible employees voted in favor of including service in such positions under an agreement under this section.

"Eligible employee."

Any employee shall be deemed an 'eligible employee' for purposes of any referendum with respect to any retirement system if, at the time such referendum was held, he was in a position covered by such retirement system and was a member of such system, and if he was in such a position at the time notice of such referendum was given as required by clause (C) of the preceding sentence; except that he shall not be deemed an 'eligible employee' if, at the time the referendum was held, he was in a position to which the State agreement already applied, or if he was in a position excluded by or pursuant to paragraph (5). No referendum with respect to a retirement system shall be valid for purposes of this paragraph unless held within the two-year period which ends on the date of execution of the agreement or modification which extends the insurance system established by this title to such retirement system, nor shall any referendum with respect to a retirement system be valid for purposes of this paragraph if held less than one year after the last previous referendum held with respect to such retirement system.

"(4) For the purposes of subsection (c) of this section, the following employees shall be deemed to be a separate coverage group—

Separate cover-  
age group.

"(A) all employees in positions which were covered by the same retirement system on the date the agreement was made applicable to such system (other than employees to whose services the agreement already applied on such date);

"(B) all employees in positions which became covered by such system at any time after such date; and

"(C) all employees in positions which were covered by such system at any time before such date and to whose services the insurance system established by this title has not been extended before such date because the positions were covered by such retirement system (including employees to whose services the agreement was not applicable on such date because such services were excluded pursuant to subsection (c) (3) (C)).

*Infra.*

"(5) (A) Nothing in paragraph (3) of this subsection shall authorize the extension of the insurance system established by this title to service in any policeman's or fireman's position.

Policemen and  
firemen.

*Ante*, p. 1056.

"(B) At the request of the State, any class or classes of positions covered by a retirement system which may be excluded from the agreement pursuant to paragraph (3) or (5) of subsection (c), and to which the agreement does not already apply, may be excluded from the agreement at the time it is made applicable to such retirement system; except that, notwithstanding the provisions of paragraph (3) (C) of such subsection, such exclusion may not include any services to which such paragraph (3) (C) is applicable. In the case of any such exclusion, each such class so excluded shall, for purposes of this subsection, constitute a separate retirement system in case of any modification of the agreement thereafter agreed to.

*Infra*; *ante*, p.  
1053.

*Infra.*

"(6) If a retirement system covers positions of employees of the State and positions of employees of one or more political subdivisions of the State, or covers positions of employees of two or more political subdivisions of the State, then, for purposes of the preceding paragraphs of this subsection, there shall, if the State so desires, be deemed to be a separate retirement system with respect to any one or more of the political subdivisions concerned and, where the retirement system covers positions of employees of the State, a separate retirement system with respect to the State or with respect to the State and any one or more of the political subdivisions concerned. If a retirement system covers positions of employees of one or more institutions of higher learning, then, for purposes of such preceding paragraphs, there shall, if the State so desires, be deemed to be a separate retirement system for the employees of each such institution of higher learning. For the purposes of this paragraph, the term 'institutions of higher learning' includes junior colleges and teachers' colleges."

"Institutions of  
higher learning."

(3) Paragraph (3) of section 218 (c) is amended to read as follows:

"(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any one or more of the following:

Exclusions.

"(A) Any service of an emergency nature;

"(B) All services in any class or classes of (i) elective positions, (ii) part-time positions, or (iii) positions the compensation for which is on a fee basis;

"(C) All services performed by individuals as members of a coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group, but only in the case of individuals who, on such date (or, if later, the date on which they first occupy such positions), are not eligible to become members of such system and whose services

*Ante*, p. 1056.  
42 USC 418.

in such positions have not already been included under such agreement pursuant to subsection (d) (3)."

*Ante*, p. 1057.

(4) Paragraph (4) of such section 218 (c) is amended by adding at the end thereof the following new sentence: "A modification of an agreement pursuant to clause (B) of the preceding sentence may apply to individuals to whom paragraph (3) (C) is applicable (whether or not the previous exclusion of the service of such individuals was pursuant to such paragraph), but only if such individuals are, on the effective date specified in such modification, ineligible to be members of any retirement system or if the modification with respect to such individuals is pursuant to subsection (d) (3)."

*Ante*, p. 1056.

(5) Such section 218 (c) is further amended by adding at the end thereof the following new paragraph:

*Ante*, p. 1057.

"(7) No agreement may be made applicable (either in the original agreement or by any modification thereof) to service performed by any individual to whom paragraph (3) (C) is applicable unless such agreement provides (in the case of each coverage group involved) either that the service of any individual to whom such paragraph is applicable and who is a member of such coverage group shall continue to be covered by such agreement in case he thereafter becomes eligible to be a member of a retirement system, or that such service shall cease to be so covered when he becomes eligible to be a member of such a system (but only if the agreement is not already applicable to such system pursuant to subsection (d) (3)), whichever may be desired by the State."

*Ante*, p. 1056.

(6) Section 218 (f) of such Act is amended to read as follows:

"(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification; except that—

"(1) in the case of an agreement or modification agreed to prior to 1954, such date may not be earlier than December 31, 1950;

"(2) in the case of an agreement or modification agreed to after 1954 but prior to 1958, such date may not be earlier than December 31, 1954; and

"(3) in the case of an agreement or modification agreed to during 1954 or after 1957, such date may not be earlier than the last day of the calendar year preceding the year in which such agreement or modification, as the case may be, is agreed to by the Secretary of Health, Education, and Welfare and the State."

(7) Section 218 (m) (1) of such Act is amended by striking out "subsection (d)" and inserting in lieu thereof "paragraph (1) of subsection (d)".

(8) Section 218 of such Act is further amended by adding at the end thereof the following new subsection:

#### "Certain Positions No Longer Covered By Retirement Systems

*Ante*, p. 1056.

*Supra*.

"(n) Notwithstanding subsection (d), an agreement with any State entered into under this section prior to the date of the enactment of this subsection may, prior to January 1, 1958, be modified pursuant to subsection (c) (4) so as to apply to services performed by employees, as members of any coverage group to which such agreement already applies (and to which such agreement applied on such date of enactment), in positions (1) to which such agreement does not already apply, (2) which were covered by a retirement system on the date such agreement was made applicable to such coverage group, and (3) which, by reason of action by such State or political subdivision thereof, as may be appropriate, taken prior to the date of the enactment of this

subsection, are no longer covered by a retirement system on the date such agreement is made applicable to such services."

(9) The amendments made by this subsection, other than paragraph (1) (B), shall take effect January 1, 1955.

Effective date.

CIVILIAN EMPLOYEES OF STATE NATIONAL GUARD UNITS  
AND CERTAIN STATE INSPECTORS

(i) (1) Effective as of January 1, 1951, paragraph (5) of section 218 (b) of the Social Security Act is amended by adding at the end thereof the following new sentence: "Civilian employees of National Guard units of a State who are employed pursuant to section 90 of the National Defense Act of June 3, 1916 (32 U. S. C., sec. 42), and paid from funds allotted to such units by the Department of Defense, shall for purposes of this section be deemed to be employees of the State and (notwithstanding the preceding provisions of this paragraph), shall be deemed to be a separate coverage group."

42 USC 418.

39 Stat. 205.

(2) Effective January 1, 1955, such paragraph is further amended by adding after the sentence added by paragraph (1) of this subsection the following new sentence: "For purposes of this section, individuals employed pursuant to an agreement, entered into pursuant to section 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1624) or section 14 of the Perishable Agricultural Commodities Act, 1930 (7 U. S. C. 499n), between a State and the United States Department of Agriculture to perform services as inspectors of agricultural products may be deemed, at the option of the State, to be employees of the State and (notwithstanding the preceding provisions of this paragraph) shall be deemed to be a separate coverage group."

60 Stat. 1090.

46 Stat. 537.

(3) In the case of any coverage group to which the amendment made by paragraph (1) is applicable, any agreement or modification of an agreement agreed to prior to January 1, 1956, may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to services performed by employees as members of such coverage group after any effective date specified therein, but in no case may such effective date be earlier than December 31, 1950.

Ante, p. 1058.

CERTAIN EMPLOYEES OF THE STATE OF UTAH

(j) Effective as of January 1, 1951, section 218 of the Social Security Act is amended by adding after subsection (n) (added by subsection (h) (8) of this section) the following new subsection:

42 USC 418.

Ante, p. 1058.

"Certain Employees of the State of Utah

"(o) Notwithstanding the provisions of subsection (d), the agreement with the State of Utah entered into pursuant to this section may be modified pursuant to subsection (c) (4) so as to apply to services performed for any of the following, the employees performing services for each of which shall constitute a separate coverage group: Weber Junior College, Carbon Junior College, Dixie Junior College, Central Utah Vocational School, Salt Lake Area Vocational School, Center for the Adult Blind, Union High School (Roosevelt, Utah), Utah High School Activities Association, State Industrial School, State Training School, State Board of Education, and Utah School Employees Retirement Board. Any modification agreed to prior to January 1, 1955, may be made effective with respect to services performed by employees as members of any of such coverage groups after an effective date specified therein, except that in no case may any such date be earlier than December 31, 1950."

Ante, pp. 1055, 1056.

Ante, p. 1058.



## ARIZONA TEACHERS' RETIREMENT SYSTEM

(k) If, prior to January 1, 1956, the agreement with the State of Arizona entered into pursuant to section 218 of the Social Security Act is modified pursuant to subsection (d) (3) of such section so as to apply to service performed by employees in positions covered by the Arizona Teachers' Retirement System the modification may, notwithstanding section 218 (f) of the Social Security Act, be made effective with respect to service performed in such positions after an effective date specified in the modification, but in no case may such effective date be earlier than December 31, 1950. For the purposes of any such modification, all employees in positions covered by the Arizona Teachers' Retirement System shall be deemed, notwithstanding the provisions of section 218 (d) (6) of such Act, to constitute a separate coverage group.

*Ante*, p. 1056.

*Ante*, p. 1058.

*Ante*, p. 1057.

## PRESUMED WORK DEDUCTIONS IN CASE OF CERTAIN RETROACTIVE STATE AGREEMENTS

42 USC 418;  
*ante*, pp. 1053,  
1055-1059.  
*Post*, pp. 1070,  
1073-1078.  
42 USC 403.

(l) (1) In the case of any services performed prior to 1955 to which an agreement under section 218 of the Social Security Act was made applicable, deductions which—

(A) were not imposed under section 203 of such Act with respect to such services performed prior to the date the agreement was agreed to or, if the original agreement was not applicable to such services, performed prior to the date the modification making such agreement applicable to such services was agreed to, and

(B) would have been imposed under such section 203 had such agreement, or modification, as the case may be, been agreed to on the date it became effective,

*Post*, pp. 1066,  
1068.

42 USC 402.  
*Post*, pp. 1073,  
1079, 1083, 1085.

shall be deemed to have been imposed, but only for purposes of section 215 (f) (2) (A) or section 215 (f) (4) (A) of such Act as in effect prior to the enactment of this Act. An individual with respect to whose services the preceding sentence is applicable, or in the case of his death, his survivors entitled to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income, shall be entitled to a recomputation of his primary insurance amount under such section 215 (f) (2) (A) or section 215 (f) (4) (A), as the case may be, if the conditions specified therein are met and if, with respect to a recomputation under such section 215 (f) (2) (A), such individual files the application referred to in such section after August 1954 and prior to January 1956 or, with respect to a recomputation under such section 215 (f) (4) (A), such individual died prior to January 1956 and any of such survivors entitled to monthly benefits files an application, in addition to the application filed for such monthly benefits, for a recomputation under such section 215 (f) (4) (A).

*Post*, p. 1062.

*Post*, p. 1065.

(2) For purposes of a recomputation made by reason of paragraph (1) of this subsection, the primary insurance amount of the individual who performed the services referred to in such paragraph shall be computed under subsection (a) (2) of section 215 of the Social Security Act, as amended by this Act (but, for such purposes, without application of subsection (d) (4) of such section, as in effect prior to the enactment of this Act or as amended by this Act) and as though he became entitled to old-age insurance benefits in whichever of the following months yields the highest primary insurance amount:

(A) the month following the last month for which deductions are deemed, pursuant to paragraph (1) of this subsection, to have been made; or

(B) the first month after the month determined under subparagraph (A) (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were no longer subject to deductions under section 203 (b) of such Act; or

42 USC 202;  
post, pp. 1073,  
1078.

(C) the first month after the last month (and prior to September 1954) in which his benefits under section 202 (a) of the Social Security Act were subject to deductions under section 203 (b) of such Act; or

(D) the month in which such individual filed his application for recomputation referred to in paragraph (1) of this subsection or, if he died without filing such application and prior to January 1, 1956, the month in which he died, and in any such case (but, if the individual is deceased, only if death occurred after August 1954) the amendments made by subsections (b) (1), (e) (1) and (e) (3) (B) of section 102 of this Act shall be applicable.

Post, pp. 1062,  
1065, 1067.

Such recomputation shall be effective for and after the month in which the application required by paragraph (1) of this subsection is filed. The provisions of this subsection shall not be applicable in the case of any individual if his primary insurance amount has been recomputed under section 215 (f) (2) of the Social Security Act on the basis of an application filed prior to September 1954.

Post, p. 1066.

(3) If any recomputation under section 215 (f) of the Social Security Act is made by reason of deductions deemed pursuant to paragraph (1) of this subsection to have been imposed with respect to benefits based on the wages and self-employment income of any individual, the total of the benefits based on such wages and self-employment income for months for which such deductions are so deemed to have been imposed shall be recovered by making, in addition to any other deductions under section 203 of such Act, deductions from any increase in benefits, based on such wages and self-employment income, resulting from such recomputation.

42 USC 415.

Post, p. 1066  
et seq.

42 USC 203;  
post, pp. 1070,  
1073-1078.

#### SERVICE BY AMERICAN CITIZENS FOR FOREIGN SUBSIDIARY OF DOMESTIC CORPORATION

(m) Clause (B) of so much of section 210 (a) of the Social Security Act as precedes paragraph (1) thereof is amended to read as follows: "(B) outside the United States by a citizen of the United States as an employee (i) of an American employer (as defined in subsection (e)), or (ii) of a foreign subsidiary (as defined in section 3121 (1) of the Internal Revenue Code of 1954) of a domestic corporation (as determined in accordance with section 7701 of the Internal Revenue Code of 1954) during any period for which there is in effect an agreement, entered into pursuant to section 3121 (1) of the Internal Revenue Code of 1954, with respect to such subsidiary;"

42 USC 410.

Post, p. 1094.

68A Stat. 911.

#### EFFECTIVE DATES

(n) The amendment made by paragraph (3) of subsection (g) shall be applicable only with respect to taxable years beginning after 1950. The amendments made by paragraphs (1), (2), and (4) of such subsection and by subsection (d) shall, except for purposes of section 203 of the Social Security Act, be applicable only with respect to

Ante, p. 1055.

Ante, p. 1054.  
42 USC 203; post,  
pp. 1070, 1073-  
1078.

*Ante*, p. 1052.

*Ante*, p. 1054.

taxable years ending after 1954. The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall be applicable only with respect to remuneration paid after 1954. The amendments made by paragraphs (4), (5), and (6) of subsection (a) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954. The amendment made by paragraph (3) of subsection (c) shall become effective January 1, 1955. The other amendments made by this section (other than the amendments made by subsections (h), (i), (j) and (m) shall be applicable only with respect to services performed after 1954. For purposes of section 203 of the Social Security Act, the amendments made by paragraphs (1), (2), and (4) of subsection (g) and by subsection (d) shall be effective with respect to net earnings from self-employment derived after 1954. The amount of net earnings from self-employment derived during any taxable year ending in, and not with the close of, 1955 shall be credited equally to the calendar quarter in which such taxable year ends and to each of the three or fewer preceding quarters any part of which is in such taxable year; and, for purposes of the preceding sentence of this subsection, net earnings from self-employment so credited to calendar quarters in 1955 shall be deemed to have been derived after 1954.

#### INCREASE IN BENEFIT AMOUNTS

42 USC 415.

SEC. 102. (a) Subsection (a) of section 215 of the Social Security Act is amended to read as follows:

#### "PRIMARY INSURANCE AMOUNT

42 USC 402.

"(a) (1) The primary insurance amount of any individual (i) who does not become eligible for benefits under section 202 (a) until after August 1954, or who dies after such month and without becoming eligible for benefits under such section 202 (a), and (ii) with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage, and the primary insurance amount of any individual with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, shall be whichever of the following amounts is the larger:

"(A) Fifty-five per centum of the first \$110 of his average monthly wage, plus 20 per centum of the next \$240; or

*Post*, p. 1063.

"(B) The amount determined under subsection (c).

An individual shall, for purposes of this paragraph, be deemed eligible for benefits under section 202 (a) for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

*Post*, p. 1063.

"(2) The primary insurance amount of any other individual shall be the amount determined under subsection (c)."

(b) (1) Paragraphs (1), (2), and (3) of subsection (b) of such section are amended to read as follows:

Average monthly wage.

"(1) An individual's 'average monthly wage' shall be the quotient obtained by dividing the total of his wages and self-employment income after his starting date (determined under paragraph (2)) and prior to his closing date (determined under paragraph (3)), by the

number of months elapsing after such starting date and prior to such closing date, excluding from such elapsed months any month in any year prior to the year in which he attained the age of twenty-two if less than two quarters of such prior year were quarters of coverage, except that when the number of such elapsed months thus computed (including a computation after the application of paragraph (4)) is less than eighteen, it shall be increased to eighteen.

"(2) An individual's 'starting date' shall be—

"(A) December 31, 1950, or

"(B) if later, the last day of the year in which he attains the age of twenty-one, whichever results in the higher primary insurance amount.

"(3) An individual's 'closing date' shall be whichever of the following results in the higher primary insurance amount:

"(A) the first day of the year in which he died or became entitled to old-age insurance benefits, whichever first occurred; or

"(B) the first day of the first year in which he both was fully insured and had attained retirement age;

except that if the Secretary determines, on the basis of the evidence available to him at the time of the computation of the individual's primary insurance amount with respect to which such closing date is applicable, that it would result in a higher primary insurance amount for such individual, his closing date shall be the first day of the year following the year referred to in subparagraph (A)."

(2) Paragraph (4) of such subsection (b) is amended to read as follows:

"(4) In the case of any individual, the Secretary shall determine the four or fewer full calendar years after his starting date and prior to his closing date which, if the months of such years and his wages and self-employment income for such years were excluded in computing his average monthly wage, would produce the highest primary insurance amount. Such months and such wages and self-employment income shall be excluded for purposes of computing such individual's average monthly wage. The maximum number of calendar years determined under the first sentence of this paragraph shall be five instead of four in the case of any individual who has not less than twenty quarters of coverage."

(c) Subsection (c) of such section is amended to read as follows:

#### "Determinations Made by Use of the Conversion Table

"(c) (1) Except as provided in paragraph (2) of this subsection, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for an individual shall be either the amount appearing in column III of the following table on the line on which in column I appears his primary insurance benefit (as determined under subsection (d)), or the amount appearing in column III of the following table on the line on which in column II appears his primary insurance amount (determined as provided in subsection (d)), whichever produces the higher amount; and his average monthly wage shall, for purposes of

*Infra.*

Starting date.

Closing date.

*Ante*, p. 1062.

*Post*, p. 1065.



42 USC 403.  
Post, pp. 1070,  
1073-1078.

section 203 (a), be the amount appearing in column IV on the line on which, in column III, appears such higher amount.

"I"  "If the primary insurance benefit (as determined under subsection (d)) is—"	II  Or the primary insurance amount (as determined under subsection (d)) is—	III  The amount referred to in paragraphs (1) (B) and (2) of subsection (a) shall be—	IV  And the average monthly wage for purposes of computing maximum benefits shall be—
\$10.....	\$25.00	\$30.00	\$55.00
\$11.....	27.00	32.00	58.00
\$12.....	29.00	34.00	62.00
\$13.....	31.00	36.00	65.00
\$14.....	33.00	38.00	69.00
\$15.....	35.00	40.00	73.00
\$16.....	36.70	41.70	76.00
\$17.....	38.20	43.20	79.00
\$18.....	39.50	44.50	81.00
\$19.....	40.70	45.70	83.00
\$20.....	42.00	47.00	85.00
\$21.....	43.50	48.50	88.00
\$22.....	45.30	50.30	91.00
\$23.....	47.50	52.50	95.00
\$24.....	50.10	55.10	100.00
\$25.....	52.40	57.40	104.00
\$26.....	54.40	59.40	108.00
\$27.....	56.30	61.30	114.00
\$28.....	58.00	63.00	123.00
\$29.....	59.40	64.40	130.00
\$30.....	60.80	66.30	139.00
\$31.....	62.00	67.90	147.00
\$32.....	63.30	69.50	155.00
\$33.....	64.40	71.10	163.00
\$34.....	65.50	72.50	170.00
\$35.....	66.60	73.90	177.00
\$36.....	67.80	75.50	185.00
\$37.....	68.90	77.10	193.00
\$38.....	70.00	78.50	200.00
\$39.....	71.00	79.90	207.00
\$40.....	72.00	81.10	213.00
\$41.....	73.10	82.70	221.00
\$42.....	74.10	83.90	227.00
\$43.....	75.10	85.30	234.00
\$44.....	76.10	86.70	241.00
\$45.....	77.10	88.50	250.00
\$46.....	77.10	88.50	250.00
	77.20	88.50	250.00
	77.30	88.50	250.00
	77.40	88.50	250.00
	77.50	88.50	250.00
	78.00	89.10	253.00
	79.00	90.50	260.00
	80.10	91.90	267.00
	81.00	93.10	273.00
	82.00	94.50	280.00
	83.10	95.90	287.00
	84.00	97.10	293.00
	85.00	98.50	300.00

"(2) (A) In case the primary insurance benefit (determined as provided in subsection (d)) of an individual falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraphs (1) (b) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage which would be determined for such individual under paragraph (4) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954, (ii) by increasing the amount determined under clause (i), if it is not a multiple of \$0.10, to the next higher multiple of \$0.10, and (iii) by further increasing such amount to the extent, if any, it is less than \$5 greater than the primary insurance amount which would be determined for him by use of his primary insurance benefit under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954.

"(b) In case the primary insurance amount (determined under subsection (d)) of an individual falls between the amounts on any two consecutive lines in column II of the table, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual

42 USC 415.

Post, p. 1065.

Ante, p. 1062.

shall be the amount determined under subparagraph (A) of this paragraph for an individual whose primary insurance benefit would (under paragraph (2) of this subsection as in effect prior to the enactment of the Social Security Amendments of 1954) produce such primary insurance amount; except that, if there is no primary insurance benefit which would (under such paragraph (2)) produce such primary insurance amount or if such primary insurance amount is higher than \$77.10, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the amount determined (i) by applying the formula in subsection (a) (1) to the average monthly wage from which such primary insurance amount was determined, (ii) by increasing the amount determined under clause (i), if it is not a multiple of \$0.10, to the next higher multiple of \$0.10, and (iii) by further increasing such amount to the extent, if any, it is less than \$5 greater than such primary insurance amount.

“(C) If the provisions of subparagraphs (A) and (B) of this paragraph are both applicable to an individual, the amount referred to in paragraphs (1) (B) and (2) of subsection (a) for such individual shall be the larger of the amounts determined under such subparagraphs.

*Ante*, p. 1062.

“(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Secretary is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

42 USC 402; *post*, pp. 1073, 1079, 1083, 1085.

“(4) For purposes of section 203 (a), the average monthly wage of an individual whose primary insurance amount is determined under paragraph (2) of this subsection shall be a sum equal to the average monthly wage which would result in such primary insurance amount upon the application of the provisions of subsection (a) (1) (A) of this section and without the application of subsection (e) (2) or (g) of this section; except that, if such sum is not a multiple of \$1, it shall be rounded to the nearest multiple of \$1 (or to the next higher multiple of \$1 if it is a multiple of \$0.50).”

42 USC 403; *post*, pp. 1070, 1073-1078.

(d) (1) The heading of subsection (d) of such section is amended to read “Primary Insurance Benefit and Primary Insurance Amount For Purposes of Conversion Table”.

(2) So much of such subsection (d) as precedes paragraph (1) thereof is amended by inserting “and the primary insurance amounts” after “primary insurance benefits”.

(3) So much of paragraph (4) of such subsection (d) as precedes subparagraph (A) is amended by inserting “(except an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage)” after “individual”.

(4) Such subsection (d) is amended by adding after paragraph (5), added by section 106 of this Act, the following new paragraph:

*Post*, p. 1079.

“(6) The primary insurance amount of any individual shall be computed as provided in this section as in effect prior to the enactment of this paragraph, except that the amendments made by sections 102 (b) (other than paragraph (2) thereof), 104, and 106 of the Social Security Amendments of 1954 (relating, respectively, to increase in benefit amounts, increase in earnings counted, and periods of disability) shall, to the extent provided by such sections, be applicable to such computation.”

*Ante*, p. 1062; *post*, pp. 1078, 1079.

(e) (1) Section 215 (e) of such Act is amended by striking out “and” at the end of paragraph (1), by changing the period at the end of paragraph (2) to a semicolon, and by adding after such paragraph (2) the following new paragraph:

*Post*, pp. 1078, 1080.

*Ante*, p. 1063.

*Post*, p. 1067.

*Post*, p. 1079.

*Post*, pp. 1069,  
1071.

42 USC 412.

*Ante*, p. 1063.

*Ante*, p. 1062.

*Ante*, p. 1063.

*Post*, p. 1079.

42 USC 402.

*Post*, pp. 1068,  
1071.

“(3) if an individual’s closing date is determined under paragraph (3) (A) of subsection (b) and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he becomes entitled to old-age insurance benefits, there shall not be counted, in determining his average monthly wage, his self-employment income in such taxable year, except as provided in section 215 (f) (3) (C); and”.

“(2) Section 215 (f) (2) of such Act is amended to read as follows:“(2) (A) Upon application filed after 1954 by an individual entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount if—

“(i) he has not less than six quarters of coverage in the period after 1950 and prior to the quarter in which such application is filed,

“(ii) he has wages and self-employment income of more than \$1,200 in a calendar year which occurs after 1953 (not taking into account any year prior to the calendar year in which the last previous recomputation, if any, of his primary insurance amount was effective) and after the year in which he became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or filed an application for recomputation (to which he is entitled) under section 102 (e) (5) (B) or 102 (f) (2) (B) of the Social Security Amendments of 1954, whichever of such events is the latest, and

“(iii) he filed such application no earlier than six months after such calendar year referred to in clause (ii) in which he had such wages and self-employment income.

Such recomputation shall be effective for and after the twelfth month before the month in which he filed such application for recomputation but in no event earlier than the month following such calendar year referred to in clause (ii). For the purposes of this subparagraph an individual’s self-employment income shall be allocated to calendar quarters in accordance with section 212.

“(B) A recomputation pursuant to subparagraph (A) shall be made as provided in subsection (a) of this section and as though the individual first became entitled to old-age insurance benefits in the month in which he filed the application for such recomputation, but only if the provisions of subsection (b) (4) were not applicable to the last previous computation of his primary insurance amount. If the provisions of subsection (b) (4) were applicable to such previous computation, the recomputation under subparagraph (A) of this paragraph shall be made only as provided in subsection (a) (1) (other than subparagraph (B) thereof) and for such purposes his average monthly wage shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed the application for recomputation under subparagraph (A), except that, of the provisions of paragraph (3) of subsection (b), only the provisions of subparagraph (A) thereof shall be applicable.”

“(3) (A) Section 215 (f) (3) of such Act is amended to read as follows:

“(3) (A) Upon application by an individual—

“(i) who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits under section 202 (a) after August 1954, or

“(ii) whose primary insurance amount was recomputed under section 102 (e) (5) or 102 (f) (2) (B) of the Social Security Amendments of 1954, or

“(iii) whose primary insurance amount was recomputed as provided in the first sentence of paragraph (2) (B) of this subsection on the basis of an application filed after August, 1954, the Secretary shall recompute his primary insurance amount if such application is filed after the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of this sentence, whichever is the later. Such recomputation under this subparagraph shall be made in the manner provided in the preceding subsections of this section for computation of his primary insurance amount, except that his closing date for purposes of subsection (b) shall be the first day of the year following the year in which he became entitled to old-age insurance benefits or in which he filed his application for the last recomputation (to which he was entitled) of his primary insurance amount under any provision of law referred to in clause (ii) or (iii) of the preceding sentence, whichever is the later. Such recomputation under this subparagraph shall be effective for and after the first month for which his last previous computation of his primary insurance amount was effective, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.

“(B) In the case of an individual who dies after August 1954—

“(i) who, at the time of death, was not entitled to old-age insurance benefits under section 202 (a), or who became entitled to old-age insurance benefits under section 202 (a) after August 1954, or whose primary insurance amount was recomputed under paragraph (2) or (4) of this subsection, or section 102 (e) (5) or section 102 (f) (2) (B) of the Social Security Amendments of 1954, on the basis of an application filed after August 1954; and

“(ii) with respect to whom the last previous computation or recomputation of his primary insurance amount was based upon a closing date determined under subparagraph (A) or (B) of subsection (b) (3) of this section,

the Secretary shall recompute his primary insurance amount upon the filing of an application by a person entitled to monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount, except that his closing date for purposes of subsection (b) shall be the day following the year of death in case he died without becoming entitled to old-age insurance benefits, or, in case he was entitled to old-age insurance benefits, the day following the year in which was filed the application for the last previous computation of his primary insurance amount or in which the individual died, whichever first occurred. In the case of monthly benefits, such recomputation shall be effective for and after the month in which the person entitled to such monthly benefits became so entitled, but in no event for any month prior to the twenty-fourth month before the month in which the application for such recomputation is filed.”

(B) Such section 215 (f) (3) is further amended by adding after subparagraph (B) (added by subparagraph (A) of this paragraph) the following new subparagraph:

“(C) If an individual's closing date is determined under paragraph (3) (A) of subsection (b) of this section and he has self-employment income in a taxable year which begins prior to such closing date and ends after the last day of the month preceding the month in which he became entitled to old-age insurance benefits, the Secretary shall recompute his primary insurance amount after the close of such taxable year,

Re computation  
of primary insurance  
amount.

42 USC 402.

Post, pp. 1068,  
1071.

Ante, p. 1063.

Ante, p. 1063.



42 USC 412.

taking into account only such self-employment income in such taxable year as is, pursuant to section 212, allocated to calendar quarters prior to such closing date. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits."

Death after 1954.

(4) Section 215 (f) (4) of such Act is amended to read as follows: "(4) Upon the death after 1954 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Secretary shall recompute the decedent's primary insurance amount, but only if—

Ante, p. 1066.

"(A) the decedent would have been entitled to a recomputation under paragraph (2) (A) (without the application of clause (iii) thereof) if he had filed application therefor in the month in which he died; or

42 USC 405.

"(B) the decedent during his lifetime was paid compensation which was treated under section 205 (o) as remuneration for employment.

42 USC 405.

If the recomputation is permitted by subparagraph (A) the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) (A) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B) the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made."

42 USC 415.

Ante, p. 1066.

(5) (A) In the case of any individual who, upon filing application therefor before September 1954, would (but for the provisions of section 215 (f) (6) of the Social Security Act) have been entitled to a recomputation under subparagraph (A) or (B) of section 215 (f) (2) of such Act as in effect prior to the enactment of this Act, the Secretary shall recompute such individual's primary insurance amount, but only if he files an application therefor or, in case he died before filing such application, an application for monthly benefits or a lump-sum death payment on the basis of his wages and self-employment income is filed. Such recomputation shall be made only as provided in subsection

Ante, p. 1062.

Ante, p. 1065.

(a) (2) of section 215 of the Social Security Act, as amended by this Act, through the use of a primary insurance amount determined under subsection (d) (6) of such section in the same manner as for an individual to whom subsection (a) (1) of such section, as in effect prior to the enactment of this Act, is applicable; and such recomputation shall take into account only such wages and self-employment income as would be taken into account under section 215 (b) of the Social Security Act if the month in which the application for recomputation is filed, or if the individual died without filing the application for recomputation, the month in which he died, were deemed to be the month in which he became entitled to old-age insurance benefits. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivor benefits becomes entitled to such benefits.

Ante, p. 1062.

(B) In the case of—

(i) any individual who is entitled to a recomputation under subparagraph (A) of section 215 (f) (2) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after such month leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or with respect to whom the twelfth month referred to in such subparagraph (A) occurred after such month, and

*Ante*, p. 1066.

*Ante*, p. 1068.

(ii) any individual who is entitled to a recomputation under section 215 (f) (2) (B) of the Social Security Act as in effect prior to the enactment of this Act on the basis of an application filed after August 1954, or who died after August 1954 leaving any survivors entitled to a recomputation under section 215 (f) (4) of the Social Security Act as in effect prior to the enactment of this Act on the basis of his wages and self-employment income, and whose sixth quarter of coverage after 1950 was acquired after August 1954 or who did not attain the age of seventy-five prior to September 1954,

*Ante*, p. 1066.

*Ante*, p. 1068.

the recomputation of his primary insurance amount shall be made in the manner provided in section 215 of the Social Security Act, as amended by this Act, for computation of such amount, except that his closing date, for purposes of subsection (b) of such section 215, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for or, if he has died, in the month in which he died. In the case of monthly benefits, such recomputation shall be effective for and after the month in which such application for recomputation is filed or, if the individual has died without filing the application, for and after the month in which the person filing the application for monthly survivors benefits becomes entitled to such benefits.

42 USC 415;  
*ante*, pp. 1062,  
1063, 1065-1068;  
*post*, pp. 1078-  
1080.

(C) An individual or, in case of his death, his survivors entitled to a lump-sum death payment or to monthly benefits under section 202 of the Social Security Act on the basis of his wages and self-employment income shall be entitled to a recomputation of his primary insurance amount under section 215 (f) (2) or section 215 (f) (4) of the Social Security Act as in effect prior to the date of enactment of this Act only if (i) he had not less than six quarters of coverage in the period after 1950 and prior to January 1, 1955, and (ii) either the twelfth month referred to in subparagraph (A) of such section 215 (f) (2) occurred prior to January 1, 1955, or he attained the age of 75 prior to 1955, and (iii) he meets the other conditions of entitlement to such a recomputation. No individual shall be entitled to a recomputation under subparagraph (A) or (B) of this paragraph if his primary insurance amount has previously been recomputed under either of such subparagraphs.

42 USC 402;  
*post*, pp. 1073,  
1079, 1083, 1085.

*Ante*, pp. 1066,  
1068.

(6) In the case of an individual who died or became (without the application of section 202 (j) (1) of the Social Security Act) entitled to old-age insurance benefits in 1956 and with respect to whom not less than six of the quarters elapsing after 1954 and prior to the quarter following the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred, are quarters of coverage, his primary insurance amount shall be computed under section 215 (a) (1) (A) of such Act, as amended by this Act, with a starting date of December 31, 1954, and a closing date of July 1, 1956, but only if it would result in a higher primary insurance amount. For

*Post*, p. 1079.

*Ante*, p. 1062.

*Ante*, p. 1067.

*Ante*, p. 1063.

42 USC 403.

42 USC 402;  
*post*, pp. 1073,  
1079, 1083, 1085.

42 USC 402.

*Post*, p. 1079.  
42 USC 415.

Applicability.

42 USC 415.

42 USC 402;  
*post*, pp. 1073,  
1079, 1083, 1085.

42 USC 402.

*Ante*, p. 1066.

*Ante*, p. 1069.

the purposes of section 215 (f) (3) (C) of such Act, the determination of an individual's closing date under the preceding sentence shall be considered as a determination of the individual's closing date under section 215 (b) (3) (A) of such Act, and the recomputation provided for by such section 215 (f) (3) (C) shall be made using July 1, 1956, as the closing date, but only if it would result in a higher primary insurance amount. In any such computation on the basis of a July 1, 1956 closing date, the total of his wages and self-employment income after December 31, 1955, shall, if it is in excess of \$2,100, be reduced to such amount.

(7) Section 203 (a) of such Act is amended to read as follows:

"(a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual is more than \$50 and exceeds (1) 80 per centum of his average monthly wage, or (2) one and one-half times his primary insurance amount, whichever is the greater, such total of benefits shall, after any deductions under this section, be reduced to 80 per centum of his average monthly wage or to one and one-half times his primary insurance amount, whichever is the greater, but in no case to less than \$50; except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits, after any deductions under this section, shall not be reduced to less than 80 per centum of the sum of the average monthly wages of all such insured individuals. In any case in which the total of the benefits referred to in the preceding sentence, after reduction (if any) thereunder, is more than \$200, such total shall, notwithstanding the provisions of such sentence, be reduced to \$200. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased."

(8) In the case of an individual who became (without the application of section 202 (j) (1)) entitled to old-age insurance benefits or died prior to September 1954, the provisions of section 215 (f) (3) as in effect prior to the enactment of this Act shall be applicable as though this Act had not been enacted.

(f) (1) The amendments made by the preceding subsections, other than subsection (b) and paragraphs (1), (2), (3), and (4) of subsection (e), shall (subject to the provisions of paragraph (2) and notwithstanding the provisions of section 215 (f) (1) of the Social Security Act) apply in the case of lump-sum death payments under section 202 of such Act with respect to deaths occurring after, and in the case of monthly benefits under such section for months after, August 1954.

(2) (A) The amendment made by subsection (b) (2) shall be applicable only in the case of monthly benefits for months after August 1954, and the lump-sum death payment in the case of death after August 1954, based on the wages and self-employment income of an individual (i) who does not become eligible for benefits under section 202 (a) of the Social Security Act until after August 1954, or (ii) who dies after August 1954, and without becoming eligible for benefits under such section 202 (a), or (iii) who is or has been entitled to have his primary insurance amount recomputed under section 215 (f) (2) of the Social Security Act, as amended by subsection (e) (2) of this section, or under subsection (e) (5) (B) of this section, or (iv) with respect to whom not less than six of the quarters elapsing after June 1953 are quarters of coverage (as defined in such Act), or (v) who files an application for a disability determination which is



accepted as an application for purposes of section 216 (i) of such Act, or (vi) who dies after August 1954, and whose survivors are (or would, but for the provisions of section 215 (f) (6) of such Act, be) entitled to a recomputation of his primary insurance amount under section 215 (f) (4) (A) of such Act, as amended by this Act. For purposes of the preceding sentence an individual shall be deemed eligible for benefits under section 202 (a) of the Social Security Act for any month if he was, or would upon filing application therefor in such month have been, entitled to such benefits for such month.

(B) In the case of any individual entitled to old-age insurance benefits under section 202 (a) of the Social Security Act who was or, upon filing application therefor, would have been entitled to such benefits for August 1954, to whom subparagraph (A) is inapplicable, and with respect to whom not less than six of the quarters elapsing after June 30, 1953, are quarters of coverage, the Secretary of Health, Education, and Welfare shall, notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, recompute the primary insurance amount of such individual but only upon the filing of an application, after August 1954, by him or, if he dies without filing such an application, by any person entitled to monthly survivors benefits under section 202 of such Act on the basis of such individual's wages and self-employment income. Such recomputation shall be made in the manner provided in section 215 of the Social Security Act for computation of such individual's primary insurance amount, except that the provisions of subsection (f) of such section (other than paragraph (3) (C) thereof) shall not be applicable for purposes of such computation, and except that his closing date, for purposes of subsection (b) of such section, shall be determined as though he became entitled to old-age insurance benefits in the month in which he filed such application for recomputation or, if he died without filing such application, the month in which he died. Such recomputation shall be effective (i) if the application is filed by such individual, for and after the twelfth month before the bond in which the application therefor was filed by such individual but in no case before the first month of the quarter which is such individual's sixth quarter of coverage acquired after June 30, 1953, or (ii) if such application was filed by a person entitled to monthly survivors benefits under section 202 of the Social Security Act on the basis of such individual's wages and self-employment income, for and after the first month for which such person was entitled to such survivors benefits. No such recomputation of an individual's primary insurance amount shall be effective unless it results in a higher primary insurance amount for him; nor shall any such recomputation of an individual's primary insurance amount be effective if such amount has previously been recomputed under this subsection.

(3) The amendments made by subsections (b) (1), (e) (1), and (e) (3) (B) shall be applicable only in the case of monthly benefits based on the wages and self-employment income of an individual who does not become entitled to old-age insurance benefits under section 202 (a) of the Social Security Act until after August 1954, or who dies after August 1954 without becoming entitled to such benefits, or who files an application after August 1954 and is entitled to a recomputation under paragraph (2) or (4) of section 215 (f) of the Social Security Act, as amended by this Act, or who is entitled to a recomputation under paragraph (2) (B) of this subsection, or who is entitled to a recomputation under paragraph (5) of subsection (e).

(4) The amendments made by subsection (e) (2) shall be applicable only in the case of applications for recomputation filed after 1954. The amendment made by subsection (e) (4) shall be applicable only in the case of deaths after 1954.

*Post*, p. 1080.

42 USC 415.

*Ante*, p. 1068.

42 USC 402.

42 USC 415.

42 USC 402;  
*post*, pp. 1073,  
1079, 1083, 1085.  
42 USC 415; *ante*,  
pp. 1062, 1063,  
1065-1068; *post*,  
pp. 1078-1080.

*Ante*, pp. 1062,  
1065.

42 USC 402.

*Ante*, pp. 1066,  
1068.

*Ante*, p. 1068.

*Ante*, p. 1066.

*Ante*, p. 1068.



*Ante*, p. 1066.

(5) The amendments made by subparagraph (A) of subsection (e) (3) shall be applicable only in the case of applications for recomputation filed, or deaths occurring, after August 1954.

(6) No increase in any benefit by reason of the amendments made by this section (other than subsection (e)) or by reason of subparagraph (B) of paragraph (2) of this subsection shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

42 USC 415;  
*ante*, pp. 1062,  
1063, 1065-1068;  
*post*, pp. 1078-  
1080.  
66 Stat. 769.  
42 USC 415  
notes.  
42 USC 401-  
421.

(g) Effective September 1, 1954, section 2 (c) (2) (B) of the Social Security Act Amendments of 1952 is amended to read as follows:

"(B) The provisions of subparagraph (A) shall cease to apply to the benefit of any individual under title II of the Social Security Act for any month after August 1954."

(h) (1) Where—

*Post*, p. 1079.

(A) an individual was entitled (without the application of section 202 (j) (1) of the Social Security Act) to an old-age insurance benefit under title II of such Act for August 1954;

(B) one or more other persons were entitled (without the application of such section 202 (j) (1)) to monthly benefits under such title for such month on the basis of the wages and self-employment income of such individual; and

(C) the total of the benefits to which all persons are entitled under such title on the basis of such individual's wages and self-employment income for any subsequent month for which he is entitled to an old-age insurance benefit under such title, would (but for the provisions of this paragraph) be reduced by reason of the application of section 203 (a) of the Social Security Act, as amended by this Act,

*Ante*, p. 1070.

then the total of benefits referred to in clause (C) for such subsequent month shall be reduced to whichever of the following is the larger—

(D) the amount determined pursuant to section 203 (a) of the Social Security Act, as amended by this Act; or

(E) the amount determined pursuant to such section, as in effect prior to the enactment of this Act, for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month, or

42 USC 415  
notes.

(F) the amount determined pursuant to section 2 (d) (1) of the Social Security Act Amendments of 1952 for August 1954 plus the excess of (i) the amount of his old-age insurance benefit for such month computed as if the amendments made by the preceding subsections of this section had been applicable in the case of such benefit for such month over (ii) the amount of his old-age insurance benefit for such month.

(2) Where—

*Post*, p. 1079.  
42 USC 401-  
421.

(A) two or more persons were entitled (without the application of section 202 (j) (1) of the Social Security Act) to monthly benefits under title II of such Act for August 1954 on the basis of the wages and self-employment income of a deceased individual; and

(B) the total of the benefits to which all such persons are entitled on the basis of such deceased individual's wages and self-employment income for any subsequent month would (but for the provisions of this paragraph) be reduced by reason of the application of the first sentence of section 203 (a) of the Social Security Act, as amended by this Act,

*Ante*, p. 1070.

then, notwithstanding any other provision in title II of the Social Security Act, such deceased individual's average monthly wage shall,

for purposes of such section 203 (a), be whichever of the following is the larger:

(C) his average monthly wage determined pursuant to section 215 of such Act, as amended by this Act; or

(D) his average monthly wage determined under such section 215, as in effect prior to the enactment of this Act, plus \$7.

(i) (1) Section 202 of such Act is amended by inserting after subsection (1) the following new subsection:

42 USC 415;  
ante, pp. 1062,  
1063, 1065-1068;  
post, pp. 1078-  
1080.  
42 USC 402;  
post, pp. 1079,  
1083, 1085.

#### "Minimum Survivor's or Dependent's Benefit

"(m) In any case in which the benefit of any individual for any month under this section (other than subsection (a)) is, prior to reduction under subsection (k) (3), less than \$30 and no other individual is (without the application of section 202 (j) (1)) entitled to a benefit under this section for such month on the basis of the same wages and self-employment income, such benefit for such month shall, prior to reduction under such subsection (k) (3), be increased to \$30."

Post, p. 1079.

(2) The first sentence of subsection (i) of such section 202 is amended by inserting "or an amount equal to \$255, whichever is the smaller" after "primary insurance amount".

#### AMENDMENTS RELATING TO DEDUCTIONS FROM BENEFITS

SEC. 103. (a) (1) Section 203 (b) of the Social Security Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

42 USC 403;  
post, p. 1078.

"(1) in which such individual is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (b) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which such individual is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States; or".

(b) (1) Section 203 (c) of such Act is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following new paragraph:

Post, p. 1078.

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-two and for which month he is charged with any earnings under the provisions of subsection (e) of this section; or".

(2) Such section 203 (c) is amended by inserting after paragraph (1) (inserted by paragraph (1) of this subsection) the following new paragraph:

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-two and on seven or more different calendar days of which he engaged in noncovered remunerative activity outside the United States."

(c) The second sentence of section 203 (d) of such Act is amended to read as follows: "The charging of earnings to any month shall be treated as an event occurring in such month."

(d) (1) The heading of section 203 (e) of such Act is amended to read "Months to Which Earnings Are Charged".

Post, p. 1078.

(2) Paragraphs (1) and (2) of such section 203 (e) are amended to read as follows:

"(1) If an individual's earnings for a taxable year of twelve months are not more than \$1,200, no month in such year shall be

charged with any earnings. If an individual's earnings for a taxable year of less than twelve months are not more than the product of \$100 times the number of months in such year, no month in such year shall be charged with any earnings.

"(2) If an individual's earnings for a taxable year of twelve months are in excess of \$1,200, the amount of his earnings in excess of \$1,200 shall be charged to months as follows: The first \$80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of \$80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. If an individual's earnings for a taxable year of less than twelve months are more than the product of \$100 times the number of months in such year, the amount of such earnings in excess of such product shall be charged to months as follows: The first \$80 of such excess shall be charged to the last month of such taxable year, and the balance, if any, shall be charged at the rate of \$80 per month to each preceding month in such year to which such charging is not prohibited by the last sentence of this paragraph, until all of such balance has been applied. Notwithstanding the preceding provisions of this paragraph, no part of the excess referred to in such provisions shall be charged to any month (A) for which the individual whose earnings are involved was not entitled to a benefit under this title, (B) in which an event described in paragraph (2), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-two or over, or (D) in which such individual did not engage in self-employment and did not render services for wages (determined as provided in paragraph (4) of this subsection) of more than \$80."

(3) Paragraph (3) (B) of such section 203 (e) is amended to read as follows:

"(B) For purposes of clause (D) of paragraph (2)—

"(i) An individual will be presumed, with respect to any month, to have been engaged in self-employment in such month until it is shown to the satisfaction of the Secretary that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing (as provided in paragraph (4) of this subsection) his net earnings or net loss from self-employment for any taxable year. The Secretary shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"(ii) An individual will be presumed, with respect to any month, to have rendered services for wages (determined as provided in paragraph (4) of this subsection) of more than \$80 until it is shown to the satisfaction of the Secretary that such individual did not render such services in such month for more than such amount."

(4) Such section 203 (e) is further amended by adding at the end thereof the following new paragraphs:

"(4) (A) An individual's earnings for a taxable year shall be (i) the sum of his wages for services rendered in such year and his net earnings from self-employment for such year, minus (ii) any net loss from self-employment for such year.

"(B) In determining an individual's net earnings from self-employment and his net loss from self-employment for purposes

42 USC 403; ante, p. 1073; post, p. 1078.

of subparagraph (A) of this paragraph and subparagraph (B) of paragraph (3), the provisions of section 211, other than paragraphs (1), (4), and (5) of subsection (c), shall be applicable; and any excess of income over deductions resulting from such a computation shall be his net earnings from self-employment and any excess of deductions over income so resulting shall be his net loss from self-employment.

42 USC 411;  
ante, pp. 1054,  
1055; post, p.  
1078.

“(C) For purposes of this subsection, an individual’s wages shall be computed without regard to the limitations as to amounts of remuneration specified in subsections (a), (g) (2), (g) (3), (h) (2), and (j) of section 209; and in making such computation services which do not constitute employment as defined in section 210, performed within the United States by the individual as an employee, shall be deemed to be employment as so defined if the remuneration for such services is not includible in computing his net earnings or net loss from self-employment.

42 USC 409;  
ante, p. 1052;  
post, p. 1078.  
42 USC 410;  
ante, pp. 1052-  
1054, 1061.

“(5) For purposes of this subsection, wages (determined as provided in paragraph (4) (C)) which, according to reports received by the Secretary, are paid to an individual during a taxable year shall be presumed to have been paid to him for services performed in such year until it is shown to the satisfaction of the Secretary that they were paid for services performed in another taxable year. If such reports with respect to an individual show his wages for a calendar year, such individual’s taxable year shall be presumed to be a calendar year for purposes of this subsection until it is shown to the satisfaction of the Secretary that his taxable year is not a calendar year.”

(e) Section 203 (f) of such Act is amended to read as follows:

42 USC 403.

#### “Penalty for Failure To Report Certain Events

“(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c), (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event specified in subsection (b) (1) or (c) (1)), who fails to report such occurrence to the Secretary prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month’s benefit even though the failure to report is with respect to more than one month.”

(f) (1) The heading of section 203 (g) of such Act is amended to read “Report of Earnings to Secretary”.

(2) The first sentence of paragraph (1) of section 203 (g) of such Act is amended to read as follows: “If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has earnings or wages, as computed pursuant to paragraph (4) of subsection (e), in excess of the product of \$100 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Secretary of his earnings (or wages) for such taxable year.”

42 USC 402;  
ante, p. 1073;  
post, pp. 1079,  
1083, 1085.  
Ante, p. 1074.

(3) The third sentence of paragraph (1) of such section 203 (g) is amended by striking out “seventy-five” and inserting in lieu thereof “seventy-two”.



(4) Paragraph (2) of such section 203 (g) is amended to read as follows:

“(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, for any taxable year and any deduction is imposed under subsection (b) (1) by reason of his earnings for such year, he shall suffer additional deductions as follows:

“(A) if such failure is the first one with respect to which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

“(B) if such failure is the second one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to two times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

“(C) if such failure is the third or a subsequent one for which an additional deduction is imposed under this paragraph, such additional deduction shall be equal to three times his benefit or benefits for the last month of such year for which he was entitled to a benefit under section 202;

except that the number of the additional deductions required by this paragraph with respect to a failure to report earnings for a taxable year shall not exceed the number of months in such year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (1) by reason of his earnings. In determining whether a failure to report earnings is the first or a subsequent failure for any individual, all taxable years ending prior to the imposition of the first additional deduction under this paragraph, other than the latest one of such years, shall be disregarded.”

(5) Paragraph (3) of such section 203 (g) is amended by striking out “subsection (b) (2)” each time it appears and inserting in lieu thereof “subsection (b) (1)”; by striking out “net earnings from self-employment” each time it appears and inserting in lieu thereof “earnings”; by striking out “such net earnings” and inserting in lieu thereof “such earnings”; and by adding at the end of such paragraph the following new sentence: “If, after the close of a taxable year of an individual entitled to benefits under section 202 for such year, the Secretary requests such individual to furnish a report of his earnings (as computed pursuant to paragraph (4) of subsection (e)) for such taxable year or any other information with respect to such earnings which the Secretary may specify, and the individual fails to comply with such request, such failure shall in itself constitute justification for a determination that such individual’s benefits are subject to deductions under subsection (b) (1) for each month in such taxable year (or only for such months thereof as the Secretary may specify) by reason of his earnings for such year.”

(6) The heading of section 203 (j) of such Act is amended by striking out “Seventy-five” and inserting in lieu thereof “Seventy-two” and such section is amended by striking out “seventy-five” and inserting in lieu thereof “seventy-two”.

(g) Section 203 of such Act is amended by adding at the end thereof the following new subsection:

42 USC 402;  
ante, p. 1073;  
post, pp. 1079,  
1083, 1085.

42 USC 402;  
ante, p. 1073;  
post, pp. 1079,  
1083, 1085.

42 USC 403;  
post, p. 1078.

“Noncovered Remunerative Activity Outside the United States

“(k) An individual shall be considered to be engaged in noncovered remunerative activity outside the United States if he performs services outside the United States as an employee and such services do not constitute employment as defined in section 210, or if he carries on a trade or business outside the United States (other than the performance of service as an employee) the net income or loss of which (1) is not includible in computing his net earnings from self-employment for a taxable year and (2) would not be excluded from net earnings from self-employment, if carried on in the United States, by any of the numbered paragraphs of section 211 (a). When used in the preceding sentence with respect to a trade or business (other than the performance of service as an employee), the term ‘United States’ does not include Puerto Rico or the Virgin Islands in the case of an alien who is not a resident of the United States (including Puerto Rico and the Virgin Islands); and the term ‘trade or business’ shall have the same meaning as when used in section 162 of the Internal Revenue Code of 1954.”

42 USC 410;  
*ante*, pp. 1052-  
1054, 1061.

42 USC 411;  
*ante*, pp. 1053,  
1054.

68A Stat. 45.

(h) Section 203 of such Act is further amended by adding after subsection (k) (added by subsection (g) of this section) the following new subsection:

“Good Cause for Failure To Make Reports Required

“(1) The failure of an individual to make any report required by subsection (f) or (g) within the time prescribed therein shall not be regarded as such a failure if it is shown to the satisfaction of the Secretary that he had good cause for failing to make such report within such time. The determination of what constitutes good cause for purposes of this subsection shall be made in accordance with regulations of the Secretary.”

*Ante*, pp. 1075,  
1076.

(i) (1) The amendments made by subsection (f) and by paragraph (1) of subsection (a) of this section shall be applicable in the case of monthly benefits under title II of the Social Security Act for months in any taxable year (of the individual entitled to such benefits) beginning after December 1954. The amendments made by paragraph (1) of subsection (b) of this section shall be applicable in the case of monthly benefits under such title II for months in any taxable year (of the individual on the basis of whose wages and self-employment income such benefits are payable) beginning after December 1954. The amendments made by subsections (e) and (g), and by paragraph (2) of subsection (a) and paragraph (2) of subsection (b), shall be applicable in the case of monthly benefits under such title II for months after December 1954. The remaining amendments made by this section (other than subsection (h)) shall be applicable, insofar as they are related to the monthly benefits of an individual which are based on his wages and self-employment income, in the case of monthly benefits under such title II for months in any taxable year (of such individual) beginning after December 1954 and, insofar as they are related to the monthly benefits of an individual which are based on the wages and self-employment income of someone else, in the case of monthly benefits under such title II for months in any taxable year (of the individual on whose wages and self-employment income such benefits are based) beginning after December 1954.

*Ante*, p. 1070.  
42 USC 401-421.

*Ante*, p. 1073.

(2) No deduction shall be imposed on or after the date of the enactment of this Act under subsection (f) or (g) of section 203 of the Social Security Act, as in effect prior to such date, on account of failure to file a report of an event described in subsection (b) (1), (b) (2), or (c) (1) of such section (as in effect prior to such date);

*Ante*, pp. 1075,  
1076.

*Ante*, p. 1073;  
*post*, p. 1078.

*Ante*, p. 1076.

42 USC 403;  
*ante*, pp. 1073,  
1074, 1076.

and no such deduction imposed prior to such date shall be collected after such date. In determining whether, under section 203 (g) (2) of the Social Security Act, as amended by this Act, a failure to file a report is a first or subsequent failure, any failure with respect to a taxable year which began prior to January 1955 shall be disregarded.

(3) Subsections (b) (1), (b) (2), (c), (e), and (j) of section 203 of the Social Security Act as in effect prior to the enactment of this Act, to the extent they are in effect with respect to months after 1954, are each amended by striking out "seventy-five" and inserting in lieu thereof "seventy-two", but only with respect to such months after 1954.

#### INCREASE IN EARNINGS COUNTED

42 USC 409.

SEC. 104. (a) Subsection (a) of section 209 of the Social Security Act is amended to read as follows:

"(a) (1) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$3,600 with respect to employment has been paid to an individual during any calendar year prior to 1955, is paid to such individual during such calendar year;

"(2) That part of remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$4,200 with respect to employment has been paid to an individual during any calendar year after 1954, is paid to such individual during such calendar year;"

42 USC 411.

(b) Paragraph (1) of subsection (b) of section 211 of such Act is amended to read as follows:

"(1) That part of the net earnings from self-employment which is in excess of—

"(A) For any taxable year ending prior to 1955, (i) \$3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

"(B) For any taxable year ending after 1954, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or".

42 USC 413.

(c) Clauses (ii) and (iii) of section 213 (a) (2) (B) of such Act are amended to read as follows—

"(ii) if the wages paid to any individual in any calendar year equal \$3,600 in the case of a calendar year after 1950 and before 1955, or \$4,200 in the case of a calendar year after 1954, each quarter of such year shall (subject to clause (i)) be a quarter of coverage.

"(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such year equals \$3,600 in the case of a taxable year beginning after 1950 and ending before 1955, or \$4,200 in the case of a taxable year ending after 1954, each quarter any part of which falls in such year shall (subject to clause (i)) be a quarter of coverage;"

*Ante*, p. 1065.

(d) Paragraph (1) of section 215 (e) of such Act is amended to read as follows:

"(1) in computing an individual's average monthly wage there shall not be counted the excess over \$3,600 in the case of any calendar year after 1950 and before 1955, and the excess over \$4,200 in the case of any calendar year after 1954, of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212);"

42 USC 412.

## RETROACTIVE APPLICATIONS FOR BENEFITS

SEC. 105. (a) Section 202 (j) (1) of the Social Security Act is amended by striking out "sixth" and inserting in lieu thereof "twelfth".

42 USC 402.

(b) The amendment made by subsection (a) shall be applicable only in the case of applications for monthly benefits under section 202 of the Social Security Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any benefit for any month prior to February 1954.

## PRESERVATION OF INSURANCE RIGHTS OF INDIVIDUALS WITH EXTENDED TOTAL DISABILITY

SEC. 106. (a) (1) Section 213 (a) (2) (A) of the Social Security Act is amended to read as follows:

42 USC 413.

"(A) The term 'quarter of coverage' means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid \$50 or more in wages, except that no quarter any part of which was included in a period of disability (as defined in section 216 (i)), other than the initial quarter of such period, shall be a quarter of coverage. In the case of any individual who has been paid, in a calendar year prior to 1951, \$3,000 or more in wages, each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled, and excepting any quarter any part of which was included in a period of disability, other than the initial quarter of such period."

Post, p. 1080.

(2) Section 213 (a) (2) (B) (i) of such Act is amended to read as follows:

"(i) no quarter after the quarter in which such individual died shall be a quarter of coverage, and no quarter any part of which was included in a period of disability (other than the initial quarter and the last quarter of such period) shall be a quarter of coverage;"

(b) (1) Section 214 (a) (2) of the Social Security Act is amended by striking out subparagraph (B) and inserting in lieu thereof the following:

42 USC 414.

"(B) forty quarters of coverage, not counting as an elapsed quarter for purposes of subparagraph (A) any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage."

Post, p. 1080.

(2) Section 214 (b) of such Act is amended by striking out the period and inserting in lieu thereof: "not counting as part of such thirteen-quarter period any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage."

(c) (1) Section 215 (b) (1) of the Social Security Act (as amended by section 102 (b) (1) of this Act) is amended by inserting after "quarters of coverage" the following: "and any month in any quarter any part of which was included in a period of disability (as defined in section 216 (i)) unless such quarter was a quarter of coverage".

Ante, p. 1062.

(2) Section 215 (d) of such Act is amended by adding at the end thereof the following new paragraph:

Post, p. 1080.

Ante, p. 1065.

"(5) In the case of any individual to whom paragraph (1), (2), or (4) of this subsection is applicable, his primary insurance benefit shall be computed as provided therein except that, for purposes of paragraphs (1) and (2) and subparagraph (C) of paragraph (4), any quarter prior to 1951 any part of which was included in a period of disability shall be excluded from the elapsed quarters unless it was



a quarter of coverage, and any wages paid in any such quarter shall not be counted."

*Ante*, p. 1065.

(3) Section 215 (e) of such Act (as amended by section 102 (e) (1) of this Act) is amended by adding after paragraph (3) the following new paragraph:

"(4) in computing an individual's average monthly wage, there shall not be taken into account (A) any wages paid such individual in any quarter any part of which was included in a period of disability unless such quarter was a quarter of coverage, or (B) any self-employment income of such individual for any taxable year all of which was included in a period of disability."

42 USC 416.

(d) Section 216 of the Social Security Act is amended by adding after subsection (h) the following new subsection:

#### "Disability; Period of Disability

"Blindness."

"(i) (1) The term 'disability' means (A) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, or (B) blindness; and the term 'blindness' means central visual acuity of 5/200 or less in the better eye with the use of a correcting lens. An eye in which the visual field is reduced to five degrees or less concentric contraction shall be considered for the purpose of this paragraph as having a central visual acuity of 5/200 or less. An individual shall not be considered to be under a disability unless he furnishes such proof of the existence thereof as may be required. Nothing in this title shall be construed as authorizing the Secretary or any other officer or employee of the United States to interfere in any way with the practice of medicine or with relationships between practitioners of medicine and their patients, or to exercise any supervision or control over the administration or operation of any hospital.

"Period of disability."

"(2) The term 'period of disability' means a continuous period of not less than six full calendar months (beginning and ending as hereinafter provided in this subsection) during which an individual was under a disability (as defined in paragraph (1)). No such period shall begin as to any individual unless such individual, while under a disability, files an application for a disability determination with respect to such period; and no such period shall begin as to any individual after such individual attains retirement age. Except as provided in paragraph (4), a period of disability shall begin—

"(A) if the individual satisfies the requirements of paragraph (3) on such day,

"(i) on the day the disability began, or

"(ii) on the first day of the one-year period which ends with the day before the day on which the individual files such application,

whichever occurs later;

"(B) if such individual does not satisfy the requirements of paragraph (3) on the day referred to in subparagraph (A), then on the first day of the first quarter thereafter in which he satisfies such requirements.

A period of disability shall end with the close of the last day of the first month in which either the disability ceases or the individual attains retirement age. No application for a disability determination which is filed more than three months before the first day on which a period of disability can begin (as determined under this paragraph) shall be accepted as an application for purposes of this paragraph, and no such application which is filed prior to January 1, 1955, shall be accepted.

"(3) The requirements referred to in clauses (A) and (B) of paragraphs (2) and (4) are satisfied by an individual with respect to any quarter only if he had not less than—

"(A) six quarters of coverage (as defined in section 213 (a) (2)) during the thirteen-quarter period which ends with such quarter; and

"(B) twenty quarters of coverage during the forty-quarter period which ends with such quarter,

not counting as part of the thirteen-quarter period specified in clause (A), or the forty-quarter period specified in clause (B), any quarter any part of which was included in a prior period of disability unless such quarter was a quarter of coverage.

"(4) If an individual files an application for a disability determination after December 1954, and before July 1957, with respect to a disability which began before July 1956, and continued without interruption until such application was filed, then the beginning day for the period of disability, if such individual does not die prior to July 1, 1955, shall be—

"(A) the day such disability began, but only if he satisfies the requirements of paragraph (3) on such day;

"(B) if he does not satisfy such requirements on such day, the first day of the first quarter thereafter in which he satisfies such requirements."

(e) (1) The first sentence of section 217 (a) (1) of the Social Security Act is amended by inserting "and for purposes of section 216 (i) (3)," after "World War II veteran."

(2) The first sentence of section 217 (e) (1) of such Act is amended by inserting "and for purposes of section 216 (i) (3)," after "veteran (as defined in paragraph (4))."

(3) Such section 217 (a) (1) and such section 217 (e) (1) of such Act are each amended by adding at the end thereof the following new sentence: "The provisions of clause (B) shall also not apply for purposes of section 216 (i) (3)."

(f) Section 5 (k) of the Railroad Retirement Act of 1937, as amended, is amended by striking out "and for the purposes of section 203 of that Act" and inserting in lieu thereof "and for the purposes of sections 203 and 216 (i) (3) of that Act".

(g) Title II of the Social Security Act is amended by adding after section 219 the following new sections:

#### "DISABILITY PROVISIONS INAPPLICABLE IF BENEFIT RIGHTS IMPAIRED

"SEC. 220. None of the provisions of this title relating to periods of disability shall apply in any case in which their application would result in the denial of monthly benefits or a lump-sum death payment which would otherwise be payable under this title; nor shall they apply in the case of any monthly benefit or lump-sum death payment under this title if such benefit or payment would be greater without their application.

#### "DISABILITY DETERMINATIONS

"SEC. 221. (a) In the case of any individual, the determination of whether or not he is under a disability (as defined in section 216 (i)) and of the day such disability began, and the determination of the day on which such disability ceases, shall, except as provided in subsection (g), be made by a State agency pursuant to an agreement entered into under subsection (b). Except as provided in subsections (c) and (d),

*Ante*, pp. 1078, 1079; *post*, p. 1084.

42 USC 417.

*Ante*, p. 1080.

45 USC 228e.

42 USC 419.

*Ante*, p. 1080.

Agreements with  
States.

57 Stat. 379.  
29 USC 41.

42 USC 405.

any such determination shall be the determination of the Secretary for purposes of this title.

“(b) The Secretary shall enter into an agreement with each State which is willing to make such an agreement under which the State agency or agencies administering the State plan approved under the Vocational Rehabilitation Act, or any other appropriate State agency or agencies, or both, will make the determinations referred to in subsection (a) with respect to all individuals in such State, or with respect to such class or classes of individuals in the State as may be designated in the agreement at the State’s request.

“(c) The Secretary may on his own motion review a determination, made by a State agency pursuant to an agreement under this section, that an individual is under a disability and, as a result of such review, may determine that such individual is not under a disability or that such disability began on a day later than that determined by such agency, or that such disability ceased on a day earlier than that determined by such agency.

“(d) Any individual dissatisfied with any determination under subsection (a), (c), or (g) shall be entitled to a hearing thereon by the Secretary to the same extent as is provided in section 205 (b) with respect to decisions of the Secretary, and to judicial review of the Secretary’s final decision after such hearing as is provided in section 205 (g).

“(e) Each State which has an agreement with the Secretary under this section shall be entitled to receive from the Trust Fund, in advance or by way of reimbursement, as may be mutually agreed upon, the cost to the State of carrying out the agreement under this section. The Secretary shall from time to time certify such amount as is necessary for this purpose to the Managing Trustee, reduced or increased, as the case may be, by any sum (for which adjustment hereunder has not previously been made) by which the amount certified for any prior period was greater or less than the amount which should have been paid to the State under this subsection for such period; and the Managing Trustee, prior to audit or settlement by the General Accounting Office, shall make payment from the Trust Fund at the time or times fixed by the Secretary, in accordance with such certification.

“(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned to the Treasury of the United States for deposit in the Trust Fund.

“(g) In the case of individuals in a State which has no agreement under subsection (b), in the case of individuals outside the United States, and in the case of any class or classes of individuals not included in an agreement under subsection (b), the determinations referred to in subsection (a) shall be made by the Secretary in accordance with regulations prescribed by him.

#### “REFERRAL FOR REHABILITATION SERVICES

“SEC. 222. It is hereby declared to be the policy of the Congress in enacting the preceding section that disabled individuals applying for a determination of disability shall be promptly referred to the State agency or agencies administering or supervising the administration of the State plan approved under the Vocational Rehabilitation Act for necessary vocational rehabilitation services, to the end that the maximum number of disabled individuals may be restored to productive activity.”

57 Stat. 379.  
29 USC 41.

(h) Notwithstanding the provisions of section 215 (f) (1) of the Social Security Act, the amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section shall apply with respect to monthly benefits under title II of the Social Security Act for months after June 1955, and with respect to lump-sum death payments under such title in the case of deaths occurring after June 1955; but no recomputation of benefits by reason of such amendments shall be regarded as a recomputation for purposes of section 215 (f) of the Social Security Act.

42 USC 415.

42 USC 401-421.

*Ante*, pp. 1066-1068.

#### TERMINATION OF BENEFITS UPON DEPORTATION

SEC. 107. Section 202 of the Social Security Act is amended by adding after subsection (m) thereof (added by section 102 (i) of this Act) the following new subsection:

42 USC 402;  
*ante*, pp. 1073,  
1079; post, p. 1085.

#### "Termination of Benefits Upon Deportation of Primary Beneficiary

"(n) (1) If any individual is (after the date of enactment of this subsection) deported under paragraph (1), (2), (4), (5), (6), (7), (10), (11), (12), (14), (15), (16), (17), or (18) of section 241 (a) of the Immigration and Nationality Act, then, notwithstanding any other provisions of this title—

66 Stat. 204.  
8 USC 1251.

"(A) no monthly benefit under this section shall be paid to such individual, on the basis of his wages and self-employment income, for any month occurring (i) after the month in which the Secretary is notified by the Attorney General that such individual has been so deported, and (ii) before the month in which such individual is thereafter lawfully admitted to the United States for permanent residence,

"(B) if no benefit could be paid to such individual (or if no benefit could be paid to him if he were alive) for any month by reason of subparagraph (A), no monthly benefit under this section shall be paid, on the basis of his wages and self-employment income, for such month to any other person who is not a citizen of the United States and is outside the United States for any part of such month, and

"(C) no lump-sum death payment shall be made on the basis of such individual's wages and self-employment income if he dies (i) in or after the month in which such notice is received, and (ii) before the month in which he is thereafter lawfully admitted to the United States for permanent residence.

Section 203 (b) and (c) of this Act shall not apply with respect to any such individual for any month for which no monthly benefit may be paid to him by reason of this paragraph.

*Ante*, pp. 1073,  
1078.

"(2) As soon as practicable after the deportation of any individual under any of the paragraphs of section 241 (a) of the Immigration and Nationality Act enumerated in paragraph (1) in this subsection, the Attorney General shall notify the Secretary of such deportation."

#### INSURED STATUS

SEC. 108. (a) Section 214 (a) of the Social Security Act is amended by redesignating paragraph (3) as paragraph (4) and inserting after paragraph (2) the following new paragraph:

42 USC 414;  
*ante*, p. 1079.

"(3) In the case of any individual who did not die prior to January 1, 1955, the term 'fully insured individual' means any individual who meets the requirements of paragraph (2) and, in addition, any individual with respect to whom all of the quarters elapsing after 1954 and prior to (i) July 1, 1956, or (ii) if later, the quarter in which he



*Ante*, pp. 1078, 1079.

attained retirement age or died, whichever first occurred, are quarters, but only if there are not fewer than six of such quarters so elapsing."

(b) Subparagraph (B) of section 213 (a) (2) of such Act is amended by inserting "(except wages for agricultural labor paid after 1954)" after "\$50 or more in wages" in that part of such subparagraph which precedes clause (i), and by striking out clause (iv) and inserting in lieu thereof the following:

"(iv) if an individual is paid wages for agricultural labor in a calendar year after 1954, then, subject to clause (i), (a) the last quarter of such year which can be but is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are less than \$200; (b) the last two quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$200 but are less than \$300; (c) the last three quarters of such year which can be but are not otherwise quarters of coverage shall be quarters of coverage if such wages equal or exceed \$300 but are less than \$400; and (d) each quarter of such year which is not otherwise a quarter of coverage shall be a quarter of coverage if such wages are \$400 or more; and

"(v) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

*Ante*, pp. 1079, 1083.

*Ante*, p. 1080.

If, in the case of any individual who has attained retirement age or died or is under a disability and who has been paid wages for agricultural labor in a calendar year after 1954, the requirements for insured status in subsection (a) or (b) of section 214, the requirements for entitlement to a computation or recomputation of his primary insurance amount, or the requirements of paragraph (3) of section 216 (i) are not met after assignment of quarters of coverage to quarters in such year as provided in clause (iv) of the preceding sentence, but would be met if such quarters of coverage were assigned to different quarters in such year, then such quarters of coverage shall instead be assigned, for purposes only of determining compliance with such requirements, to such different quarters."

#### BENEFITS IN CERTAIN CASES OF DEATHS BEFORE SEPTEMBER 1950

SEC. 109. (a) In the case of any individual—

42 USC 401-421.

(1) who died prior to September 1, 1950, and was not a fully insured individual (under title II of the Social Security Act), when he died, and

(2) who had not less than six quarters of coverage (as defined in such title),

*Post*, p. 1085.

*Ante*, p. 1062.  
42 USC 415.

such individual shall, except for purposes of determining entitlement of a former wife divorced to benefits under section 202 (g) of the Social Security Act, be deemed to have died a fully insured individual. Such individual's primary insurance amount shall be computed under subsection (a) (2) of section 215 of such Act. For the purpose of such computation, the provisions of section 215 (d) (3) of such Act shall apply if such individual died a currently insured individual (under title II of such Act) and any other person was entitled on the basis of his wages to monthly benefits or a lump-sum death payment under section 202 of such Act; in all other cases the provisions of section 215 (d) (4) shall be applicable, except that such individual's closing date shall be the first day of the quarter in which he died. In the case of any such individual, the requirement in subsection (h) of section 202 of such Act that proof of support be filed within two years of the date of his death shall not apply if such proof is filed before September 1956.

*Ante*, pp. 1073, 1079, 1083; *post*, p. 1085.  
*Ante*, p. 1065.

(b) The provisions of subsection (a) shall be applicable only in the case of monthly benefits under section 202 of the Social Security Act for months after August 1954, on the basis of applications filed after such month. <sup>42 USC 402; ante, pp. 1073, 1079, 1083.</sup>

ELIMINATION OF REQUIREMENT OF FILING APPLICATION  
IN CERTAIN CASES

SEC. 110. (a) Section 202 (e) (1) (C) of the Social Security Act is amended to read as follows: <sup>42 USC 402.</sup>

“(C) (i) has filed application for widow’s insurance benefits or was entitled, after attainment of retirement age, to wife’s insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died, or

“(ii) was entitled, on the basis of such wages and self-employment income, to mother’s insurance benefits for the month preceding the month in which she attained retirement age.”

(b) Section 202 (g) (1) (D) of such Act is amended to read as follows:

“(D) has filed application for mother’s insurance benefits, or was entitled to wife’s insurance benefits on the basis of the wages and self-employment income of such individual for the month preceding the month in which he died.”

(c) The third sentence of section 202 (i) of such Act is amended by inserting immediately before the period at the end thereof the following: “, or unless such person was entitled to wife’s or husband’s insurance benefits, on the basis of the wages and self-employment income of such insured individual, for the month preceding the month in which such individual died”.

TECHNICAL AMENDMENTS

SEC. 111. (a) The second sentence of section 204 (a) of the Social Security Act is amended by inserting “and self-employment income” after “wages”. <sup>42 USC 404.</sup>

(b) Section 208 of the Social Security Act is amended by inserting “, or as to the amount of net earnings from self-employment derived or the period during which derived” after “as to the amount of any wages paid or received or the period during which earned or paid”. <sup>42 USC 408.</sup>

REPEAL OF REQUIREMENT OF CERTAIN DEDUCTIONS

SEC. 112. (a) No deductions shall be made pursuant to subsection (i) of section 203 of the Social Security Act from any benefits for any month after August 1954; and, effective September 1, 1954, such subsection is repealed. <sup>42 USC 403.</sup>

(b) No deductions shall be made pursuant to section 907 of the Social Security Act Amendments of 1939 (53 Stat. 1360, 1402), with respect to wages for services performed in 1939, from any benefits for any month after August 1954; and, effective September 1, 1954, such section is amended by striking out “1 per centum of any wages paid him for services performed in 1939, and subsequent to his attaining age sixty-five, and”. <sup>26 USC 1400 note.</sup>

## PROOF OF SUPPORT BY HUSBAND OR WIDOWER IN CERTAIN CASES

SEC. 113. (a) For the purpose of determining the entitlement of any individual to husband's insurance benefits under subsection (c) of section 202 of the Social Security Act on the basis of his wife's wages and self-employment income, the requirements of paragraph (1) (D) of such subsection shall be deemed to be met if—

42 USC 402.

*Ante*, pp. 1073, 1078.

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

*Ante*, p. 1079.

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

42 USC 402.

(b) For the purpose of determining the entitlement of any individual to widower's insurance benefits under subsection (f) of section 202 of the Social Security Act on the basis of his deceased wife's wages and self-employment income, the requirements of paragraph (1) (E) (ii) of such subsection shall be deemed to be met if—

*Ante*, pp. 1073, 1078.

(1) such individual was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Secretary of Health, Education, and Welfare, from his wife, and she was a currently insured individual, on the first day of the first month (A) for which she was entitled to a monthly benefit under subsection (a) of such section 202, and (B) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur,

(2) such individual has filed proof of such support within two years after such first month, and

*Ante*, p. 1079.

(3) such wife was, without the application of subsection (j) (1) of such section 202, entitled to a primary insurance benefit under such Act for August 1950.

42 USC 402.

*Ante*, pp. 1078, 1079, 1084.

(c) For purposes of subsection (b) (1) of this section, and for purposes of section 202 (c) (1) of the Social Security Act in cases to which subsection (a) of this section is applicable, the wife of an individual shall be deemed a currently insured individual if she had not less than six quarters of coverage (as determined under section 213 of the Social Security Act) during the thirteen-quarter period ending with the calendar quarter in which occurs the first month (1) for which such wife was entitled to a monthly benefit under section 202 (a) of such Act, and (2) in which an event described in paragraph (1) or (2) of section 203 (b) of such Act (as in effect before or after the enactment of this Act) did not occur.

42 USC 402.  
*Ante*, pp. 1073, 1078.

(d) This section shall apply only with respect to husband's insurance benefits under section 202 (c) of the Social Security Act, and widower's insurance benefits under section 202 (f) of such Act, for months after August 1954, and only with respect to benefits based on applications filed after such month.

## DEFINITION

SEC. 114. As used in the provisions of the Social Security Act amended by this title, the term "Secretary" means the Secretary of Health, Education, and Welfare.

## COVERED EMPLOYMENT NOT COUNTED UNDER OTHER FEDERAL RETIREMENT SYSTEMS

SEC. 115. Notwithstanding any other provision of law, in determining eligibility for or the amount of any benefit (other than a benefit under title II of the Social Security Act or under the Railroad Retirement Act of 1937, as amended) under any retirement system established by the United States or any instrumentality thereof, there shall not be taken into account any service which, by reason of the amendments to section 210 (a) of the Social Security Act made by section 101 (c) of this Act, constitutes employment as defined in such section 210 (a).

42 USC 401-421.

45 USC 228 a-228y; *ante*, p. 1081; *post*, pp. 1097, 1098.*Ante*, p. 1053.

## TITLE II—AMENDMENTS TO INTERNAL REVENUE CODES OF 1939 AND 1954

## AMENDMENTS TO DEFINITIONS OF SELF-EMPLOYMENT INCOME AND RELATED DEFINITIONS

SEC. 201. (a) (1) Paragraph (1) of section 1402 (a) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 353.

"(1) there shall be excluded rentals from real estate and from personal property leased with the real estate (including such rentals paid in crop shares) together with the deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;"

(2) Subsection (a) of section 1402 of the Internal Revenue Code of 1954 is amended by striking out paragraph (2) and redesignating paragraphs (3), (4), (5), (6), (7), and (8), and any references thereto contained in such code, as paragraphs (2), (3), (4), (5), (6), and (7), respectively, and by adding at the end of such subsection the following new sentence: "In the case of any trade or business which is carried on by an individual who reports his income on a cash receipts and disbursements basis, and in which, if it were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 3121 (g), (i) if the gross income derived from such trade or business by such individual is not more than \$1,800, the net earnings from self-employment derived by him therefrom may, at his option, be deemed to be 50 percent of such gross income in lieu of his net earnings from self-employment from such trade or business computed as provided under the preceding provisions of this subsection, or (ii) if the gross income derived from such trade or business by such individual is more than \$1,800 and the net earnings from self-employment derived by him therefrom, as computed under the preceding provisions of this subsection, are less than \$900, such net earnings may instead, at the option of such individual, be deemed to be \$900. For the purpose of the preceding sentence, gross income derived from such trade or business shall mean the gross receipts from such trade or business reduced by the cost or other basis of property which was purchased and sold in carrying on such trade or business, adjusted (after such reduction) in accordance with the preceding provisions of this subsection."

*Post*, p. 1089.

68A Stat. 424.



68A Stat. 354.

(b) (1) Paragraph (1) of section 1402 (b) of the Internal Revenue Code of 1954 is amended to read as follows:

“(1) that part of the net earnings from self-employment which is in excess of—

“(A) for any taxable year ending prior to 1955, (i) \$3,600, minus (ii) the amount of the wages paid to such individual during the taxable year; and

“(B) for any taxable year ending after 1954, (i) \$4,200, minus (ii) the amount of the wages paid to such individual during the taxable year; or”.

(2) Section 1402 (b) of the Internal Revenue Code of 1954 is amended by inserting after “employees)” the following: “, or under an agreement entered into pursuant to the provisions of section 3121

Post, p. 1094.

(1) (relating to coverage of citizens of the United States who are employees of foreign subsidiaries of domestic corporations),”.

(c) (1) Section 1402 (c) (2) of the Internal Revenue Code of 1954 is amended by inserting after “18” the following: “and other than service described in paragraph (4) of this subsection”.

(2) Section 1402 (c) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentences: “The provisions of paragraph (4) shall not apply to service (other than service performed by a member of a religious order who has taken a vow of poverty as a member of such order) performed by an individual during the period for which a certificate filed by such individual under subsection (e) is in effect. The provisions of paragraph (5) shall not apply to service performed by an individual in the exercise of his profession as a Christian Science practitioner during the period for which a certificate filed by him under subsection (e) is in effect.”

Infra.

(3) Section 1402 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

“(e) **MINISTERS, MEMBERS OF RELIGIOUS ORDERS, AND CHRISTIAN SCIENCE PRACTITIONERS.**—

“(1) **WAIVER CERTIFICATE.**—Any individual who is (A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order (other than a member of a religious order who has taken a vow of poverty as a member of such order) or (B) a Christian Science practitioner may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this chapter) certifying that he elects to have the insurance system established by title II of the Social Security Act extended to service described in subsection (c) (4), or service described in subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be, performed by him.

42 USC 401-421.

“(2) **TIME FOR FILING CERTIFICATE.**—Any individual who desires to file a certificate pursuant to paragraph (1) must file such certificate on or before the due date of the return (including any extension thereof) for his second taxable year ending after 1954 for which he has net earnings from self-employment (computed, in the case of an individual referred to in paragraph (1) (A), without regard to subsection (c) (4), and, in the case of an individual referred to in paragraph (1) (B), without regard to subsection (c) (5) insofar as it relates to the performance of service by an individual in the exercise of his profession as a Christian Science practitioner) of \$400 or more, any part of which was derived from the performance of service described in subsection (c) (4), or from the performance of service described in subsection (c) (5) insofar as it relates to the performance of service

by an individual in the exercise of his profession as a Christian Science practitioner, as the case may be.

"(3) **EFFECTIVE DATE OF CERTIFICATE.**—A certificate filed pursuant to this subsection shall be effective for the first taxable year with respect to which it is filed (but in no case shall the certificate be effective for a taxable year with respect to which the period for filing a return has expired, or for a taxable year ending prior to 1955) and all succeeding taxable years. An election made pursuant to this subsection shall be irrevocable."

(4) Section 1402 (a) of the Internal Revenue Code of 1954 is amended—

*Ante*, p. 1087.

(A) by striking out the period at the end of paragraph (7) (as renumbered by subsection (a) (2) of this section) and inserting in lieu thereof a semicolon, and

(B) by inserting after such paragraph (7) thereof a new paragraph as follows:

"(8) an individual who is—

"(A) a duly ordained, commissioned, or licensed minister of a church or a member of a religious order; and

"(B) a citizen of the United States performing service described in subsection (c) (4) as an employee of an American employer (as defined in section 3121 (h))

68A Stat. 425.

shall compute his net earnings from self-employment derived from the performance of service described in subsection (c) (4) without regard to section 911 (relating to earned income from sources without the United States) and section 931 (relating to income from sources within possessions of the United States)."

68A Stat. 289, 291.

(5) Section 1402 (c) (5) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 355.

"(5) the performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, or Christian Science practitioner; or the performance of such service by a partnership."

(d) The amendments made by subsections (a), (b), and (c) of this section shall be applicable only with respect to taxable years ending after 1954.

#### REFUND OF CERTAIN TAXES DEDUCTED FROM WAGES

SEC. 202. (a) (1) The first sentence of section 6413 (c) (1) of the Internal Revenue Code of 1954 is amended to read as follows: "If by reason of an employee receiving wages from more than one employer during a calendar year after the calendar year 1950 and prior to the calendar year 1955, the wages received by him during such year exceed \$3,600, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 1400 of the Internal Revenue Code of 1939 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$3,600 of such wages received; or if by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1954, the wages received by him during such year exceed \$4,200, the employee shall be entitled (subject to the provisions of section 31 (b)) to a credit or refund of any amount of tax, with respect to such wages, imposed by section 3101 and deducted from the employee's wages (whether or not paid to the Secretary or his delegate), which exceeds the tax with respect to the first \$4,200 of such wages received."

68A Stat. 797.

68A Stat. 13.

68A Stat. 938, 415.

*Post*, p. 1094.

68A Stat. 938,  
797.

*Ante*, pp. 1053,  
1055-1059.

68A Stat. 797.

*Post*, p. 1094.

*Post*, p. 1094.

*Post*, pp. 1091-  
1094.

68A Stat. 428.

64 Stat. 525.

(2) Section 1401 (d) (3) of the Internal Revenue Code of 1939 is amended by striking out the period at the end of the second sentence and inserting in lieu thereof "or, in the case of any agreement (or modification thereof) pursuant to section 218 of the Social Security Act which is effective as of a date more than two years prior to the date such agreement (or modification) was agreed to, within two years after the calendar year in which such agreement (or modification) was agreed to by the State and the Secretary of Health, Education, and Welfare."

(b) (1) The heading of section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended to read as follows: "APPLICABILITY IN CASE OF FEDERAL AND STATE EMPLOYEES AND EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.—"

(2) Section 6413 (c) (2) (A) of the Internal Revenue Code of 1954 is amended by striking out "\$3,600," and inserting in lieu thereof "\$3,600 for the calendar year 1951, 1952, 1953, or 1954, or \$4,200 for any calendar year after 1954."

(3) Section 6413 (c) (2) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) Employees Of Certain Foreign Corporations.—For purposes of paragraph (1) of this subsection, the term 'wages' includes such remuneration for services covered by an agreement made pursuant to section 3121 (1) as would be wages if such services constituted employment; the term 'employer' includes any domestic corporation which has entered into an agreement pursuant to section 3121 (1); the term 'tax' or 'tax imposed by section 3101,' includes, in the case of services covered by an agreement entered into pursuant to section 3121 (1), an amount equivalent to the tax which would be imposed by section 3101, if such services constituted employment as defined in section 3121; and the provisions of paragraph (1) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of the agreement entered into pursuant to section 3121 (1) has been paid to the Secretary or his delegate."

(c) The second sentence of section 3122 of the Internal Revenue Code of 1954 is amended by striking out "\$3,600" and inserting in lieu thereof "\$4,200".

(d) The amendments made by subsections (a) (1), (b), and (c) shall be applicable only with respect to remuneration paid after 1954. The amendment made by subsection (a) (2) shall be effective as if it had been enacted as a part of section 203 (c) of the Social Security Act Amendments of 1950 which added section 1401 (d) (3) to the Internal Revenue Code of 1939.

#### COLLECTION AND PAYMENT OF TAXES WITH RESPECT TO COAST GUARD EXCHANGES

68A Stat. 428.

SEC. 203. (a) Section 3122 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The provisions of this subsection shall be applicable also in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard; and for purposes of this subsection the Secretary shall be deemed to be the head of such instrumentality."

(b) The amendment made by subsection (a) shall become effective January 1, 1955.

#### AMENDMENTS TO DEFINITION OF WAGES

SEC. 204. (a) Paragraph (1) of section 3121 (a) of the Internal Revenue Code of 1954 is amended by striking out "\$3,600" wherever it appears therein and inserting in lieu thereof "\$4,200".

68A Stat. 417.

(b) (1) Subparagraph (B) of section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 418.

"(B) cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this subparagraph, the term 'domestic service in a private home of the employer' does not include service described in subsection (g) (5);".

Domestic service.

(2) Section 3121 (a) (7) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subparagraph:

"(C) cash remuneration paid by an employer in any calendar quarter to an employee for service not in the course of the employer's trade or business, if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50. As used in this subparagraph, the term 'service not in the course of the employer's trade or business' does not include domestic service in a private home of the employer and does not include service described in subsection (g) (5);".

Service not in employer's trade, etc.

(3) Section 3121 (a) (8) of the Internal Revenue Code of 1954 is amended by inserting "(A)" after "(8)" and by adding at the end thereof the following new subparagraph:

68A Stat. 418.

"(B) cash remuneration paid by an employer in any calendar year to an employee for agricultural labor, if the cash remuneration paid in such year by the employer to the employee for such labor is less than \$100;".

Agricultural labor.

(c) The amendments made by subsections (a) and (b) shall be applicable only with respect to remuneration paid after 1954.

Applicability.

#### AMENDMENTS TO DEFINITION OF EMPLOYMENT

SEC. 205. (a) Section 3121 (b) (1) of the Internal Revenue Code of 1954 is amended to read as follows:

68A Stat. 419.

"(1) (A) service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended (46 Stat. 1550 § 3; 12 U. S. C. 1141j);

"(B) service performed by foreign agricultural workers (i) under contracts entered into in accordance with title V of the Agricultural Act of 1949, as amended (65 Stat. 119; 7 U. S. C. 1461-1468), or (ii) lawfully admitted to the United States from the Bahamas, Jamaica, and the other British West Indies on a temporary basis to perform agricultural labor;".

(b) Section 3121 (b) of the Internal Revenue Code of 1954 is amended by striking out paragraph (3) and redesignating paragraphs (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14), and any references thereto contained in such code, as paragraphs (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), and (13), respectively.

(c) The paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (4) is amended by



striking out "if the individual is employed on and in connection with such vessel or aircraft when outside the United States" and inserting in lieu thereof: "if (A) the individual is employed on and in connection with such vessel or aircraft, when outside the United States and (B) (i) such individual is not a citizen of the United States or (ii) the employer is not an American employer".

68A Stat. 419.

(d) (1) Subparagraph (B) of the paragraph of section 3121 (b) of the Internal Revenue Code of 1954 herein redesignated as paragraph (6) is amended—

(A) by inserting "by an individual" after "service performed," and by inserting "and if such service is covered by a retirement system established by such instrumentality;" after "December 31, 1950,";

(B) by striking out "or" at the end of clause (iii), by adding "or" at the end of clause (iv), and by adding at the end of the subparagraph the following new clause:

"(v) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Coast Guard Exchanges or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of the Treasury, at installations of the Coast Guard for the comfort, pleasure, contentment, and mental and physical improvement of personnel of the Coast Guard;"

(2) Subparagraph (C) of such paragraph is amended to read as follows:

"(C) service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

"(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner of or to the Congress;

"(ii) in the legislative branch;

"(iii) in a penal institution of the United States by an inmate thereof;

"(iv) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

61 Stat. 727.

"(v) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; or

"(vi) by any individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;"

46 Stat. 468.  
5 USC 691 note.

(e) Section 3121 (b) of the Internal Revenue Code of 1954 is further amended by striking out paragraph (15) and redesignating paragraphs (16) and (17), and any references thereto contained in such code, as paragraphs (14) and (15), respectively.

68A Stat. 422.

Applicability.

(f) The amendments made by subsections (c), (d), and (e) shall be applicable only with respect to services performed after 1954. The amendments made by subsections (a) and (b) shall be applicable only with respect to services (whether performed after 1954 or prior to 1955) for which the remuneration is paid after 1954.

## AMENDMENT RELATING TO COLLECTION OF EMPLOYEE TAX

SEC. 205 A. Section 3102 (a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "An employer who in any calendar quarter pays to an employee cash remuneration to which paragraph (7) (B) or (C) or (10) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar quarter is less than \$50; and an employer who in any calendar year pays to an employee cash remuneration to which paragraph (8) (B) of section 3121 (a) is applicable may deduct an amount equivalent to such tax from any such payment of remuneration, even though at the time of payment the total amount of such remuneration paid to the employee by the employer in the calendar year is less than \$100."

68A Stat. 415.

Ante, p. 1091;  
68A Stat. 418.

Ante, p. 1091.

## AMENDMENT TO DEFINITION OF EMPLOYEE

SEC. 206. (a) Subparagraph (C) of section 3121 (d) (3) of the Internal Revenue Code of 1954 is amended by striking out "if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed".

68A Stat. 424.

(b) The amendment made by subsection (a) shall be applicable only with respect to services performed after 1954.

FILING OF SUPPLEMENTAL LISTS OF EMPLOYEES BY CERTAIN  
NONPROFIT ORGANIZATIONS

SEC. 207. (a) Paragraph (1) of section 3121 (k) of the Internal Revenue Code of 1954 is amended by striking out the third sentence thereof and inserting in lieu thereof the following: "Such list may be amended at any time prior to the expiration of the twenty-fourth month following the first calendar quarter for which the certificate is in effect, by filing with the prescribed official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate."

68A Stat. 427.

(b) Paragraph (1) of such section 3121 (k) is further amended by striking out the period at the end of the fifth sentence thereof and inserting in lieu thereof the following: "except that, in the case of service performed by an individual whose name appears on a supplemental list filed after the first month following the first calendar quarter for which the certificate is in effect, the certificate shall be in effect, for purposes of such subsection (b) (8) and for purposes of section 210 (a) (8) of the Social Security Act, only with respect to service performed by such individual after the calendar quarter in which such supplemental list is filed."

42 USC 410.

## CHANGES IN TAX SCHEDULES

SEC. 208. (a) Section 1401 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following:

68A Stat. 353.

"(4) in the case of any taxable year beginning after December 31, 1969, and before January 1, 1975, the tax shall be equal to  $5\frac{1}{4}$  percent of the amount of the self-employment income for such taxable year;

68A Stat. 415.

"(5) in the case of any taxable year beginning after December 31, 1974, the tax shall be equal to 6 percent of the amount of the self-employment income for such taxable year."

(b) Section 3101 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages received during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

68A Stat. 416.

"(5) with respect to wages received after December 31, 1974, the rate shall be 4 percent."

(c) Section 3111 of the Internal Revenue Code of 1954 is amended by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) with respect to wages paid during the calendar years 1970 to 1974, both inclusive, the rate shall be 3½ percent;

"(5) with respect to wages paid after December 31, 1974, the rate shall be 4 percent."

#### FOREIGN SUBSIDIARIES OF DOMESTIC CORPORATION

68A Stat. 417.

SEC. 209. Section 3121 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(1) AGREEMENTS ENTERED INTO BY DOMESTIC CORPORATIONS WITH RESPECT TO FOREIGN SUBSIDIARIES.—

42 USC 401-421.

Post, p. 1096.

"(1) AGREEMENT WITH RESPECT TO CERTAIN EMPLOYEES OF FOREIGN SUBSIDIARIES.—The Secretary or his delegate shall, at the request of any domestic corporation, enter into an agreement (in such form and manner as may be prescribed by the Secretary or his delegate) with any such corporation which desires to have the insurance system established by title II of the Social Security Act extended to service performed outside the United States in the employ of any one or more of its foreign subsidiaries (as defined in paragraph (8)) by all employees who are citizens of the United States, except that the agreement shall not be applicable to any service performed by, or remuneration paid to, an employee if such service or remuneration would be excluded from the term 'employment' or 'wages', as defined in this section, had the service been performed in the United States. Such agreement may be amended at any time so as to be made applicable, in the same manner and under the same conditions, with respect to any other foreign subsidiary of such domestic corporation. Such agreement shall be applicable with respect to citizens of the United States who, on or after the effective date of the agreement, are employees of and perform services outside the United States for any foreign subsidiary specified in the agreement. Such agreement shall provide—

Supra.

"(A) that the domestic corporation shall pay to the Secretary or his delegate, at such time or times as the Secretary or his delegate may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 3101 and 3111 (including amounts equivalent to the interest, additions to the taxes, additional amounts, and penalties which would be applicable) with respect to the remuneration which would be wages if the services covered by the agreement constituted employment as defined in this section; and

"(B) that the domestic corporation will comply with such regulations relating to payments and reports as the Secretary or his delegate may prescribe to carry out the purposes of this subsection.

"(2) **EFFECTIVE PERIOD OF AGREEMENT.**—An agreement entered into pursuant to paragraph (1) shall be in effect for the period beginning with the first day of the calendar quarter in which such agreement is entered into or the first day of the succeeding calendar quarter, as may be specified in the agreement, but in no case prior to January 1, 1955; except that in case such agreement is amended to include the services performed for any other subsidiary and such amendment is executed after the first month following the first calendar quarter for which the agreement is in effect, the agreement shall be in effect with respect to service performed for such other subsidiary only after the calendar quarter in which such amendment is executed.

"(3) **TERMINATION OF PERIOD BY A DOMESTIC CORPORATION.**—The period for which an agreement entered into pursuant to paragraph (1) of this subsection is effective may be terminated with respect to any one or more of its foreign subsidiaries by the domestic corporation, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the agreement has been in effect for a period of not less than eight years. The notice of termination may be revoked by the domestic corporation by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner as may be prescribed by regulations. Notwithstanding any other provision of this subsection, the period for which any such agreement is effective with respect to any foreign corporation shall terminate at the end of any calendar quarter in which the foreign corporation, at any time in such quarter, ceases to be a foreign subsidiary as defined in paragraph (8).

*Post*, p. 1096.

"(4) **TERMINATION OF PERIOD BY SECRETARY.**—If the Secretary or his delegate finds that any domestic corporation which entered into an agreement pursuant to this subsection has failed to comply substantially with the terms of such agreement, the Secretary or his delegate shall give such domestic corporation not less than sixty days' advance notice in writing that the period covered by such agreement will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Secretary or his delegate by giving, prior to the close of the calendar quarter specified in the notice of termination, written notice of such revocation to the domestic corporation. No notice of termination or of revocation thereof shall be given under this paragraph to a domestic corporation without the prior concurrence of the Secretary of Health, Education, and Welfare.

"(5) **NO RENEWAL OF AGREEMENT.**—If any agreement entered into pursuant to paragraph (1) of this subsection is terminated in its entirety (A) by a notice of termination filed by the domestic corporation pursuant to paragraph (3), or (B) by a notice of termination given by the Secretary or his delegate pursuant to paragraph (4), the domestic corporation may not again enter into an agreement pursuant to paragraph (1). If any such agreement is terminated with respect to any foreign subsidiary, such agreement may not thereafter be amended so as again to make it applicable with respect to such subsidiary.

"(6) **DEPOSITS IN TRUST FUND.**—For purposes of section 201 of the Social Security Act, relating to appropriations to the Federal Old-Age and Survivors Insurance Trust Fund, such remuneration—

42 USC 401.



"(A) paid for services covered by an agreement entered into pursuant to paragraph (1) as would be wages if the services constituted employment, and

"(B) as is reported to the Secretary or his delegate pursuant to the provisions of such agreement or of the regulations issued under this subsection, shall be considered wages subject to the taxes imposed by this chapter.

"(7) OVERPAYMENTS AND UNDERPAYMENTS.—

"(A) If more or less than the correct amount due under an agreement entered into pursuant to this subsection is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be required by regulations prescribed by the Secretary or his delegate.

"(B) If an overpayment cannot be adjusted under subparagraph (A), the amount thereof shall be paid by the Secretary or his delegate, through the Fiscal Service of the Treasury Department, but only if a claim for such overpayment is filed with the Secretary or his delegate within two years from the time such overpayment was made.

*Ante*, pp. 1052-1054, 1061.

"(8) DEFINITION OF FOREIGN SUBSIDIARY.—For purposes of this subsection and section 210 (a) of the Social Security Act, a foreign subsidiary of a domestic corporation is—

"(A) a foreign corporation more than 50 percent of the voting stock of which is owned by such domestic corporation; or

"(B) a foreign corporation more than 50 percent of the voting stock of which is owned by the foreign corporation described in subparagraph (A).

*Ante*, p. 1090.

"(9) DOMESTIC CORPORATION AS SEPARATE ENTITY.—Each domestic corporation which enters into an agreement pursuant to paragraph (1) of this subsection shall, for purposes of this subsection and section 6413 (c) (2) (C), relating to special refunds in the case of employees of certain foreign corporations, be considered an employer in its capacity as a party to such agreement separate and distinct from its identity as a person employing individuals on its own account.

"(10) REGULATIONS.—Regulations of the Secretary or his delegate to carry out the purposes of this subsection shall be designed to make the requirements imposed on domestic corporations with respect to services covered by an agreement entered into pursuant to this subsection the same, so far as practicable, as those imposed upon employers pursuant to this title with respect to the taxes imposed by this chapter."

DEDUCTIONS FROM GROSS INCOME FOR PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS

68A Stat. 67.

SEC. 210. (a) The Internal Revenue Code of 1954 is amended by inserting after section 175 thereof the following new section:

"SEC. 176. PAYMENTS WITH RESPECT TO EMPLOYEES OF CERTAIN FOREIGN CORPORATIONS.

*Ante*, p. 1094.

"In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121 (1) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any

amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.”

(b) The table of sections to part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following:

68A Stat. 45.

“SEC. 176. Payments with respect to employees of certain foreign corporations.”

### TITLE III—PROVISIONS RELATING TO PUBLIC ASSISTANCE

#### TEMPORARY EXTENSION OF 1952 MATCHING FORMULA

SEC. 301. Section 8 (e) of the Social Security Act Amendments of 1952 (Public Law 590, Eighty-second Congress) is amended by striking out “September 30, 1954” and inserting in lieu thereof “September 30, 1956”.

66 Stat. 780.  
42 USC 303 note.

#### TEMPORARY EXTENSION OF SPECIAL PROVISION RELATING TO STATE PLANS FOR AID TO THE BLIND

SEC. 302. Section 344 (b) of the Social Security Act Amendments of 1950 (Public Law 734, Eighty-first Congress) is amended by striking out “June 30, 1955” and inserting in lieu thereof “June 30, 1957”.

64 Stat. 554.  
42 U S C 1202a  
note.

#### TECHNICAL AMENDMENTS

SEC. 303. (a) Sections 3 (b) (1), 403 (b) (1), and 1003 (b) (1) of the Social Security Act are each amended by striking out “one-half” and inserting in lieu thereof “the State’s proportionate share”.

42 U S C 303,  
603, 1203.

(b) Section 3 (b) of such Act is amended (1) by striking out “clause (1) of subsection (a)” wherever it appears and inserting in lieu thereof “subsection (a)”, (2) by striking out “such clause” in paragraph (1) and inserting “such subsection” in lieu thereof, and (3) by striking out “increased by five per centum” immediately before the period at the end of paragraph (3).

### TITLE IV—MISCELLANEOUS PROVISIONS

#### AMENDMENTS PRESERVING RELATIONSHIP BETWEEN RAILROAD RETIREMENT AND OLD-AGE AND SURVIVORS INSURANCE

SEC. 401. (a) Section 1 (q) of the Railroad Retirement Act of 1937, as amended, is amended by striking out “1952” and inserting in lieu thereof “1954”.

66 Stat. 777.  
45 USC 228a.

(b) Section 2 (c) of the Railroad Retirement Act of 1937, as amended, is amended by striking out “six” and inserting in lieu thereof “twelve”; and subsection (5) (j) of such Act, as amended, is amended by striking out “sixth” and inserting in lieu thereof “twelfth”. The amendments made by this subsection shall be applicable only in the case of applications for annuities under the Railroad Retirement Act filed after August 1954; except that no individual shall, by reason of such amendment, be entitled to any annuity for any month prior to February 1954.

45 USC 228b.

(c) Section 5 (1) (9) of the Railroad Retirement Act of 1937, as amended, is amended by striking out “\$3,600” the second time it appears and inserting in lieu thereof “\$4,200”.

45 USC 228e.

60 Stat. 729.  
45 USC 228e.

(d) Section 5 (i) (1) (ii) of the Railroad Retirement Act of 1937, as amended, is amended to read as follows:

*Ante*, pp. 1073,  
1074, 1082.

*Ante*, p. 1077.

*Ante*, p. 1076.

*Ante*, pp. 1073,  
1079, 1083, 1085.

“(ii) will have been under the age of seventy-two and for which month he is charged with any earnings under section 203 (e) of the Social Security Act or in which month he engaged on seven or more different calendar days in noncovered remunerative activity outside the United States (as defined in section 203 (k) of the Social Security Act); and for purposes of this subdivision the Board shall have the authority to make such determinations and such suspensions of payment of benefits in the manner and to the extent that the Secretary of Health, Education, and Welfare would be authorized to do so under section 203 (g) (3) of the Social Security Act if the individuals to whom this subdivision applies were entitled to benefits under section 202 of such Act;”.

#### CROSS REFERENCES TO REDESIGNATED PROVISIONS

26 USC; 68A  
Stat.; 45 USC 228a-  
228y.

SEC. 402. References in the Internal Revenue Code of 1939, the Internal Revenue Code of 1954, the Railroad Retirement Act of 1937, as amended, or any other law of the United States to any section or subdivision of a section of the Social Security Act redesignated by this Act shall be deemed to refer to such section or subdivision of a section as so redesignated.

#### SERVICE FOR CERTAIN TAX-EXEMPT ORGANIZATIONS PRIOR TO ENACTMENT OF THIS ACT

SEC. 403. (a) In any case in which—

68A Stat. 932,  
163.

68A Stat. 938;  
*ante*, p. 1094.

42 USC 410;  
*ante*, pp. 1052-  
1054, 1061.  
68A Stat. 938;  
*ante*, pp. 1091,  
1092.

68A Stat. 938,  
415, 416; *ante*, p.  
1094.

68A Stat. 938;  
*ante*, p. 1094.

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which is exempt from income tax under section 101 (6) of the Internal Revenue Code of 1939 but which has failed to file prior to the enactment of this Act a waiver certificate under section 1426 (1) (1) of the Internal Revenue Code of 1939;

(2) the service performed by such individual as an employee of such organization during the period subsequent to 1950 and prior to 1955 would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such organization had filed prior to the performance of such service such a certificate accompanied by a list of the signatures of employees who concurred in the filing of such certificate and such individual's signature had appeared on such list;

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid with respect to any part of the remuneration paid to such individual by such organization for such service;

(4) part of such taxes have been paid prior to the enactment of this Act:

(5) so much of such taxes as have been paid prior to the enactment of this Act have been paid by such organization in good faith and upon the assumption that a waiver certificate had been filed by it under section 1426 (1) (1) of the Internal Revenue Code of 1939; and

(6) no refund of such taxes has been obtained,  
the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed in such form and manner, and with such official, as may be prescribed by

regulations made under subchapter A of Chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939.

(b) In any case in which—

(1) an individual has been employed, at any time subsequent to 1950 and prior to the enactment of this Act, by an organization which has filed a waiver certificate under section 1426 (1) of the Internal Revenue Code of 1939;

(2) the service performed by such individual during the time he was so employed would have constituted employment (as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939) if such individual's signature had appeared on the list of signatures of employees who concurred in the filing of such certificate;

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code of 1939 have been paid prior to the enactment of this Act with respect to any part of the remuneration paid to such individual by such organization for such service; and

(4) no refund of such taxes has been obtained, the amount of such remuneration with respect to which such taxes have been paid shall, upon the request of such individual (filed on or before January 1, 1957, and in such form and manner, and with such official, as may be prescribed by regulations made under subchapter A of chapter 9 of the Internal Revenue Code of 1939), be deemed to constitute remuneration for employment as defined in section 210 of the Social Security Act and section 1426 (b) of the Internal Revenue Code of 1939, and such individual shall be deemed to have concurred in the filing of the waiver certificate filed by such organization under section 1426 (1) (1) of the Internal Revenue Code of 1939.

26 USC 1400-1432.  
68A Stat. 938, 415.  
42 USC 410; ante, pp. 1052-1054, 1061.

#### STUDY OF FEASIBILITY OF PROVIDING INCREASED MINIMUM BENEFITS UNDER TITLE II

SEC. 404. (a) The Secretary of Health, Education, and Welfare shall conduct a full and complete study with a view to determining the feasibility of increasing the minimum old-age insurance benefit under title II of the Social Security Act to (1) \$55 per month, (2) \$60 per month, and (3) \$75 per month.

(b) Such study shall include (1) a detailed analysis of the estimated increase in cost, if any, involved in increasing such minimum benefit to each of the above referred to amounts, (2) estimates of the financial impact such increase would have upon the Old Age and Survivors Insurance Trust Fund, and (3) an estimate of the amount, if any, by which Federal grants to the States for public assistance would be reduced by reason of such increase in minimum old-age insurance benefits.

(c) The Secretary shall report to the Congress at the earliest practicable date the results of the study provided for by this section.

Approved September 1, 1954.

Study by HEW.

42 USC 401-421.

Report to Congress.

#### Public Law 762

#### CHAPTER 1207

##### AN ACT

To provide for the termination of Federal supervision over the property of certain tribes, bands, and colonies of Indians in the State of Utah and the individual members thereof, and for other purposes.

September 1, 1954  
[S. 2670]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the purpose of*

Paiute Indians, Utah.  
Termination of Federal supervision.